



our education foundation

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS  
FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018

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NEVILLE WAINIO CPAs

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
St. Johns County Education Foundation, Inc. D/B/A INK!  
St. Augustine, Florida

We have audited the accompanying financial statements of the St. Johns County Education Foundation, Inc. D/B/A INK! ("Investing in Kids" a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Johns County Education Foundation, Inc. D/B/A INK! as of June 30, 2019, the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Prior Period Financial Statements***

The financial statements as of June 30, 2018, were audited by Kresge, Platt & Abare CPAs, LLC whose report dated September 4, 2018, expressed an unmodified opinion on those statements.

### ***Correction of Error***

As discussed in Note 9 of the financial statements, certain errors resulting in understatement of amounts previously reported for scholarship contracts and scholarship expenses as of and for the year end June 30, 2018 were discovered by management of Investing in Kids' during the current year. Accordingly, amounts reported for scholarship contracts and scholarship expenses have been restated in the 2018 financial statements now presented, and an adjustment has been made to net assets as of July 1, 2017, to correct the error.

To the Board of Directors  
St. Johns County Education Foundation, Inc. D/B/A INK!  
St. Augustine, Florida

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the Investing in Kids' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Investing in Kids' internal control over financial reporting and compliance.

*Neville Wainio CPAs*

St. Augustine, Florida  
August 14, 2019

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

		<b>ASSETS</b>	
		<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$	740,841	\$ 650,259
Unconditional promises to give (Note 3)		26,679	8,262
Grants and contracts receivable		18,768	19,317
Prepaid expenses and other assets		5,890	7,473
Scholarship contracts (Note 4)		<u>923,930</u>	<u>800,374</u>
 TOTAL ASSETS		 <u>\$ 1,716,108</u>	 <u>\$ 1,485,685</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$	15,694	\$ 8,902
Accrued payroll		26,958	22,875
Due to St. Johns County School District (Note 8)		<u>21</u>	<u>9,636</u>
 Total Liabilities		 <u>42,673</u>	 <u>41,413</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS		 465,962	 387,349
NET ASSETS WITH DONOR RESTRICTIONS		<u>1,207,473</u>	<u>1,056,923</u>
 Total Net Assets		 <u>1,673,435</u>	 <u>1,444,272</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u>\$ 1,716,108</u>	 <u>\$ 1,485,685</u>

The accompanying notes are an integral part of these statements.

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 891,672	\$ 41,527	\$ 933,199
Net investment income	4,048	-	4,048
Grants	-	167,916	167,916
Change in value of scholarship contracts	-	(1,494)	(1,494)
Other income	12,706	-	12,706
Special events	<u>251,968</u>	<u>-</u>	<u>251,968</u>
Total revenues	<u>1,160,394</u>	<u>207,949</u>	<u>\$ 1,368,343</u>
Net assets released from restrictions	<u>57,399</u>	<u>(57,399)</u>	<u>-</u>
Total revenues and support	<u>1,217,793</u>	<u>150,550</u>	<u>1,368,343</u>
<b>EXPENSES</b>			
Program expenses	869,972	-	869,972
Supporting services:			
General and administrative	97,017	-	97,017
Fundraising	<u>172,191</u>	<u>-</u>	<u>172,191</u>
Total expenses	<u>1,139,180</u>	<u>-</u>	<u>1,139,180</u>
CHANGE IN NET ASSETS	78,613	150,550	229,163
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>387,349</u>	<u>1,056,923</u>	<u>1,444,272</u>
NET ASSETS - END OF YEAR	<u>\$ 465,962</u>	<u>\$ 1,207,473</u>	<u>\$ 1,673,435</u>

The accompanying notes are an integral part of these statements.

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>June 30, 2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 381,378	\$ 159,053	\$ 540,431
Net investment income	1,302	-	1,302
Grants	191,976	64,081	256,057
Change in value of contracts	-	1,558	1,558
Other income	7,653	-	7,653
Special events	<u>183,369</u>	<u>16,741</u>	<u>200,110</u>
Total revenues	<u>765,678</u>	<u>241,433</u>	<u>1,007,111</u>
Net assets released from restrictions	<u>297,342</u>	<u>(297,342)</u>	<u>-</u>
Total revenues and support	<u>1,063,020</u>	<u>(55,909)</u>	<u>1,007,111</u>
<b>EXPENSES</b>			
Program expenses	859,023	-	859,023
Supporting services:			
General and administrative	122,741	-	122,741
Fundraising	<u>163,062</u>	<u>-</u>	<u>163,062</u>
Total expenses	<u>1,144,826</u>	<u>-</u>	<u>1,144,826</u>
CHANGE IN NET ASSETS	(81,806)	(55,909)	(137,715)
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>469,155</u>	<u>1,112,832</u>	<u>1,581,987</u>
NET ASSETS - END OF YEAR, AS RESTATED	<u>\$ 387,349</u>	<u>\$ 1,056,923</u>	<u>\$ 1,444,272</u>

The accompanying notes are an integral part of these statements.

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>General Administration</u>	<u>Total</u>	<u>Fundraising</u>	<u>2019 Total</u>
Salaries and wages	\$ 197,821	\$ 56,750	\$ 254,571	\$ 26,532	\$ 281,103
Payroll taxes	17,417	4,338	21,755	206	21,961
Training	6,915	-	6,915	-	6,915
Meetings and conferences	710	570	1,280	100	1,380
Contributions	265,519	855	266,374	91,182	357,556
Scholarships	213,408	-	213,408	-	213,408
Travel and entertainment	20,916	1,119	22,035	3,056	25,091
Office expenses	9,324	534	9,858	6,639	16,497
Rent	23,415	12,191	35,606	23,347	58,953
Communications	387	281	668	282	950
Contracted services	44,386	2,333	46,719	2,333	49,052
Insurance	889	3,337	4,226	889	5,115
Postage	785	291	1,076	341	1,417
Printing and advertising	5,106	1,639	6,745	3,340	10,085
Banquet and events	37,059	-	37,059	6,410	43,469
Other	<u>25,915</u>	<u>12,779</u>	<u>38,694</u>	<u>7,534</u>	<u>46,228</u>
Total Expenses	<u>\$ 869,972</u>	<u>\$ 97,017</u>	<u>\$ 966,989</u>	<u>\$ 172,191</u>	<u>\$ 1,139,180</u>

The accompanying notes are an integral part of these statements.



**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>General Administration</u>	<u>Total</u>	<u>Fundraising</u>	<u>2018 Total</u>
Salaries and wages	\$ 181,873	\$ 32,860	\$ 214,733	\$ 42,104	\$ 256,837
Payroll taxes	13,573	3,359	16,932	-	16,932
Training	8,518	-	8,518	-	8,518
Meetings and conferences	464	3,388	3,852	705	4,557
Contributions	274,234	41,462	315,696	85,068	400,764
Scholarships	153,412	-	153,412	-	153,412
Travel and entertainment	16,785	2,668	19,453	3,041	22,494
Office expenses	10,451	1,881	12,332	868	13,200
Rent	85,219	3,814	89,033	2,909	91,942
Telephone and utilities	54	697	751	-	751
Communications	4,587	433	5,020	-	5,020
Contracted services	40,540	7,375	47,915	-	47,915
Insurance	-	5,390	5,390	-	5,390
Postage	993	699	1,692	211	1,903
Printing and advertising	1,524	11,033	12,557	7,048	19,605
Banquet and events	46,905	-	46,905	9,308	56,213
Other	19,891	7,682	27,573	11,800	39,373
 Total Expenses	 <u>\$ 859,023</u>	 <u>\$ 122,741</u>	 <u>\$ 981,764</u>	 <u>\$ 163,062</u>	 <u>\$ 1,144,826</u>

The accompanying notes are an integral part of these statements.

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018  
INCREASE (DECREASE) IN CASH

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 229,163	\$ (137,715)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Decrease (Increase) in unconditional promises to give	(18,417)	(5,782)
Decrease (Increase) in grants and contracts receivable	549	1,402
Decrease (Increase) in prepaid expenses and other assets	1,583	(2,100)
(Decrease) Increase in accounts payable	6,792	(2,098)
(Decrease) Increase in accrued payroll	4,083	1,835
(Decrease) Increase in due to affiliated agency	<u>(9,615)</u>	<u>604</u>
Net Cash (Used) by Operating Activities	<u>(15,025)</u>	<u>(6,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships/contracts	(218,293)	(77,649)
Proceeds from scholarships	<u>94,737</u>	<u>93,015</u>
Net Cash (Used) Provided By Investing Activities	<u>(123,556)</u>	<u>15,366</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	90,582	(128,488)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>650,259</u>	<u>778,747</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 740,841</u>	<u>\$ 650,259</u>

The accompanying notes are an integral part of these statements.

# ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

## NOTES TO FINANCIAL STATEMENTS

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### 1. ORGANIZATION

St. Johns County Education Foundation, Inc. D/B/A INK! ("Investing in Kids") was incorporated in Florida in 1993. Investing in Kids provides funding for technical assistance and educational programs to the community and local schools. Funding is primarily received from community contributions and state and local governmental sources.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of Investing in Kids have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

#### Accounting Pronouncement Changes

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules. The new standard is effective for Investing in Kids for the year ended June 30, 2019 and thereafter and must be applied on a retrospective basis. These financial statements include the reporting requirements of ASU 2016-14. See note 6.

#### Basis of Presentation

The financial statements of Investing in Kids have been prepared on the accrual basis of accounting. Net assets, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions. Accordingly, net assets of Investing in Kids and changes therein are classified and reported as follows (prior to ASU 2016-14 these were unrestricted and temporarily restricted net assets):

- The change in net assets with donor restrictions.
- The change in net assets without donor restrictions.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's knowledge and experience. Accordingly, actual results may differ from these estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and invested in liquid assets with maturities of less

than three months when acquired. Investing in Kids maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits.

#### Contributions

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for donated services. Investing in Kids generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Investing in Kids with specific assistance programs, fundraising activities, and various committee assignments.

#### Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### Program Descriptions

Investing in Kids is the lead agency in St. Johns County for *Take Stock in Children*. As lead agency, Investing in Kids is responsible for donor relations, mentor recruitment and placement, student selection, placement and support, scholarships, reporting and events.

Investing in Kids has several other programs in which it administers grants and scholarships that benefit the St. Johns County School District.

#### Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

**ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

Expense Allocation

For the years ended June 30, 2019 and 2018, Investing in Kids allocated general, administrative and fundraising costs among the programs benefited. The allocation was based on each of the program's proportionate share of total revenue.

**3. UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are expected to be received as follows at June 30:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 3,685	\$ 8,262
One to five years	25,000	-
	<u>28,685</u>	<u>8,262</u>
Unamortized discount (2.80%)	<u>(2,006)</u>	<u>-</u>
	<u>\$ 26,679</u>	<u>\$ 8,262</u>

At June 30, 2019 and 2018, there was no allowance for uncollectible promises. Management considered all remaining unconditional promises to give fully collectible.

**4. SCHOLARSHIP CONTRACTS**

Investing in Kids participates in the Florida Prepaid College Foundation by purchasing scholarships for future use by students in St. Johns County. At June 30, 2019 and 2018, contract values were \$923,930 and \$800,374, respectively.

**5. NET ASSETS RELEASED FROM RESTRICTIONS**

For the years ended June 30, 2019 and 2018, the source of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donor or by the passage of time totaled \$57,399 and \$297,342, respectively.

**6. MANAGEMENT OF LIQUIDITY**

Investing in Kids has financial assets available within one year of the statement of financial position date for general expenditures as follows.

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 740,841	\$ 650,259
Unconditional promises to give	3,685	8,262
Grants and contracts receivable	<u>18,768</u>	<u>19,317</u>
	<u>\$ 763,294</u>	<u>\$ 677,838</u>
Financial assets available within one year		

**7. INCOME TAXES**

Investing in Kids is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In accordance with the applicable provisions of the Internal Revenue Code, Investing in Kids is subject to an excise tax on net investment income, including realized investment gains.

Investing in Kids evaluates its tax positions for any uncertainties based on the technical merits of the position taken. Investing in Kids recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities.

Currently, the tax years ended 2018, 2017 and 2016 are open and subject to examination by the Internal Revenue Service. However, Investing in Kids is not currently under audit nor has Investing in Kids been contacted by any of these jurisdictions.

**8. RELATED PARTY**

St. Johns County School District

Investing in Kids acts as a fundraiser for the St. Johns County School District (the "District"). The District permits Investing in Kids employees to work in its office space. For the years ended June 30, 2019 and 2018, the estimated fair market value of this in-kind contribution totaled \$12,191 and \$4,320, respectively, and is reflected as both revenue and program expense in the statements of activities.

The due to the District at June 30, 2019 and 2018, totaled \$21 and \$9,636, respectively.

**9. PRIOR YEAR ADJUSTMENT**

During fiscal year 2019, certain errors resulting in understatement of amounts previously reported for scholarship contracts and scholarship expenses as of and for the year end June 30, 2018 were discovered by management of Investing in Kids during the current year. Accordingly, amounts reported for scholarship contracts of \$800,374 were recorded and scholarship expenses were increased by \$15,365 which have been restated in the 2018 financial statements now presented, and an adjustment of \$815,739 has been made to net assets as of July 1, 2017, to correct the error.

**10. SUBSEQUENT EVENTS**

Investing in Kids has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 14, 2019, the date the financial statements were available to be issued.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
St. Johns County Education Foundation, Inc. D/B/A INK!  
St. Augustine, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Johns County Education Foundation, Inc. D/B/A INK! (Investing in Kids), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated August 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Investing in Kids internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Investing in Kids internal control. Accordingly, we do not express an opinion on the effectiveness of Investing in Kids internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Investing in Kids financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

St. Augustine, Florida  
August 14, 2019