

# Bay Education Foundation, Inc.

## Financial Statements And Independent Auditors' Reports

June 30, 2020

### Contents

<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements:</b>	
Statement of Financial Position.....	2
Statement of Activities .....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-9
<b>Additional Elements Required by <i>Government Auditing Standards</i>:</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters .....	10
Schedule of Findings .....	11
Management's Response to Findings .....	12

# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 352-395-6565 kattell.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Bay Education Foundation, Inc.  
Panama City, Florida

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Bay Education Foundation, Inc. (the Corporation), which comprise the statement of financial position as of June 30, 2020, 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.

**Auditors' 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 Corporation as of June 30, 2020, and 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.

### OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021 on our consideration of the Corporation's internal control over financial reporting (internal control) 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 and compliance and the results of that testing, and not to provide an opinion on internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance.

*Kattell and Company, P.L.*

April 27, 2021

*"Not everything that counts can be counted, and not everything that can be counted counts."*

-Albert Einstein

**Statement of Financial Position**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

	<u>2020</u>
<b>Assets</b>	
Cash - Checking	\$ 1,334,110
Cash - Savings	357,763
Grants Receivable	24,076
Florida Prepaid Scholarship Fund	<u>994,511</u>
<b>Total Assets</b>	<b><u><u>\$ 2,710,460</u></u></b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Deferred Event Revenues	\$ 35,806
Agency Funds – Walsingham	<u>250,000</u>
Total Liabilities	285,806
Net Assets:	
Without donor restrictions	861,679
With donor restrictions	<u>1,562,975</u>
Total Net Assets	<u>2,424,654</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 2,710,460</u></u></b>

See accompanying notes.

**Statement of Activities**  
**For Year Ended June 30, 2020**  
**Bay Education Foundation, Inc.**

	<b>2020</b>		
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue:			
State Grants:			
CFEF Grant	\$ --	\$ 47,628	\$ 47,628
TSIC Grant	99,803	--	99,803
Contributions:			
Classroom Grants	--	147,573	147,573
Scholarships	--	26,639	26,639
General Contributions	45,477	523,031	568,508
Fundraising Events, Net	49,806	--	49,806
Other Income	15,751	--	15,751
Net Assets Released from Restrictions	1,288,673	(1,288,673)	--
<b>Total Revenues</b>	<b>1,499,510</b>	<b>(543,802)</b>	<b>955,708</b>
Expenses:			
Programs	772,637	--	772,637
Management and General	29,315	--	29,315
Fundraising	20,083	--	20,083
<b>Total Expenses</b>	<b>822,035</b>	<b>--</b>	<b>822,035</b>
Revenues over Expenses	677,475	(543,802)	133,673
Loss on uncollectable pledge	--	(2,650,000)	(2,650,000)
<b>Change in Net Assets</b>	<b>677,475</b>	<b>(3,193,802)</b>	<b>(2,516,327)</b>
<b>Net Assets, Beginning</b>	<b>184,204</b>	<b>4,756,777</b>	<b>4,940,981</b>
<b>Net Assets, End</b>	<b>\$ 861,679</b>	<b>\$ 1,562,975</b>	<b>\$ 2,424,654</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For Year Ended June 30, 2020**  
**Bay Education Foundation, Inc.**

	Programs	Management and General	Fundraising	Direct Donor Benefits	2020 Total
Grants	\$ 251,638	\$ --	\$ --	\$ --	\$ 251,638
Bay District School Board	158,808	--	--	--	158,808
Scholarships	42,920	--	--	--	42,920
Salaries	75,789	21,756	10,878	--	108,423
Accounting Expenses	--	1,570	--	--	1,570
Office Expenses	20,865	5,989	2,995	--	29,849
Other Program Expenses	24,408	--	--	--	24,408
Program Supplies	198,209	--	--	--	198,209
Event Supplies	--	--	6,210	21,140	27,350
<b>Total Expenses</b>	<b>772,637</b>	<b>29,315</b>	<b>20,083</b>	<b>21,140</b>	<b>843,175</b>
<b>Expenses Netted Against Revenues:</b>					
Fundraising Events (Note 8)	--	--	--	(21,140)	(21,140)
<b>Total Functional Expenses</b>	<b>\$ 772,637</b>	<b>\$ 29,315</b>	<b>\$ 20,083</b>	<b>\$ --</b>	<b>\$ 822,035</b>

See accompanying notes.

**Statement of Cash Flows**  
**For Year Ended June 30, 2020**  
**Bay Education Foundation, Inc.**

	<u>2020</u>
Cash Flows from Operating Activities:	
Change in Net Assets	\$ (2,516,327)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Changes In:	
Contributions Receivable	2,650,000
Grants Receivable	(233)
Florida Prepaid	76,996
Deferred Revenue	285,806
	496,242
<b>Net Cash Provided Used in Operating Activities</b>	<b>496,242</b>
<b>Net Change in Cash</b>	<b>496,242</b>
<b>Cash, Beginning</b>	<b><u>1,195,631</u></b>
<b>Cash, End</b>	<b><u><u>\$ 1,691,873</u></u></b>

	<u>2020</u>
<b>Cash as presented on Statement of Financial Position</b>	
Cash-Checking	\$ 1,334,110
Cash-Savings	357,763
<b>Total Cash</b>	<b><u><u>\$ 1,691,873</u></u></b>

See accompanying notes.

**Notes to Financial Statements**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

**NOTE 1 – NATURE OF ENTITY AND TAX STATUS**

Bay Education Foundation, Inc. (the Corporation) is a not-for-profit corporation organized under the Florida Not-For-Profit Corporation Act. The Corporation is operated to provide classroom support and scholarships to schools, teachers, and students in the Bay County School District (the District).

The Corporation is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Corporation has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contribution deduction. The Corporation is operated exclusively for charitable, scientific, and educational purposes.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared using the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations (US GAAP). Although the Corporation works closely with the District, the Corporation is comprised of a self-perpetuating board of directors and, therefore, is not considered a governmental entity for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists of checking and savings deposits in financial institutions in the United States. Amounts on deposit exceeded insured balance limits of the Federal Deposit Insurance Corporation by approximately \$1,096,000.

Receivables

Contributions receivable consists primarily of a multi-year pledge to be received during the next three fiscal years. Amounts are deemed fully collectable and no allowance for doubtful accounts has been recorded.

Grants receivable consists primarily of TSIC Grant receivable for which allowable costs have been incurred.

Florida Prepaid Scholarship Fund

The Corporation purchases prepaid scholarships through the Stanley G. Tate Florida Prepaid College Foundation. Scholarships are generally purchased in batches and later assigned to specific students. Although scholarships are matched dollar for dollar via the Project STARS scholarship program funded by the Florida Legislature, the Corporation reports only the value of the scholarships purchased net of any amounts redeemed or refunded to the Corporation. The asset value presented is the balance available to the Corporation for redemption.

Agency Funds

When a resource provider makes donations to the Corporation and stipulates that the resources must be passed through to the District, the Corporation is acting in the capacity of an agent for the District. In those circumstances, the donations are reported as liabilities until the resources are provided to the District.

Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in two classes that are based upon existence or absence of restriction on use that are imposed by its donors, as follows:

*Net Assets Without Donor Restrictions* are available for use in general operations. The only limits of these net assets are board designations or the broad limits resulting from the nature of the organization.

*Net Assets With Donor Restrictions* are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Notes to Financial Statements**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Revenue Recognition – Contributions

*Restricted Contributions.* The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as “net assets released from restrictions.” Investment income and gains restricted by donors are reported as increases in net assets without donor restriction if the restrictions are met in the same reporting period.

*Contributed Services.* Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Corporation received significant contributions of time from its Board of Directors, none of these services were recorded since they did not meet the criteria for recognition.

*Conditional Contributions.* Conditional contributions are recognized when the condition has been substantially met. Amounts received before the conditions have been met are reported as refundable advance. Amounts received after the conditions have been met are recorded as Grants Receivable. The following are considered conditional contributions:

*CFEF (Consortium of Florida Education Foundations) Grant.* CFEF grant consisted of a dollar-for-dollar match from the State of Florida which may be used for projects in any of six target areas. Revenues are recognized when the Corporation incurs allowable costs.

*TSIC (Take Stock in Children) Grant.* TSIC is a grant from the State of Florida which may be used for staffing, scholarships, and recruiting and supporting volunteer mentors. Revenues are recognized when the Corporation incurs allowable costs.

Revenue Recognition – Contracts with Customers

Program service revenues are earned and recognized at the time the service is rendered.

Expense Recognition and Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Corporation assigns most expenses directly to the benefited function. The Corporation uses a reasonable method of allocating expenses relating to more than one functional category. Fundraising expenses include an allocation of salaries and supporting expenses as well as costs of fundraising events that are not direct donor benefits. Functions are further described as follows:

*Program Services.* Program services include the expenses of classroom grants and scholarships, as well as an allocation of salaries and other overhead expenses.

*Management and General.* Management and general activities are those that provide governance oversight, business and financial management, financial recordkeeping, budgeting, legal and human resource management.

*Fundraising.* Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities including publicizing and conducting fundraising campaigns, maintaining donor lists, and any other activities that solicit contributions from corporations, foundations, individuals and others.

New Accounting Pronouncement

The Corporation implemented Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year, applying the changes retrospectively. The new standards changed the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.
- This change had no effect on total net assets at June 30, 2019.



**Notes to Financial Statements**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The Corporation considers scholarships, classroom grants, and operating expenditures to be general expenditures. The following table displays financial assets available for general expenditure within one year of the date of the statement of financial position:

Financial assets at June 30,	<u>2020</u>
Cash and equivalents	\$ 1,691,873
Contributions receivable in one year	250,000
Other receivables	<u>24,076</u>
<b>Financial assets available for general expenditures</b>	<b><u>\$ 1,967,969</u></b>

The Corporation has structured its financial assets to be available as its general expenditures and liabilities come due. The Corporation has developed no mechanism for investment of cash in excess of immediate cash needs. In addition, the Corporation does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them.

**NOTE 4 – FLORIDA PREPAID SCHOLARSHIP FUND**

The following details the activity of the Florida Prepaid Scholarship Fund for the year ended June 30, 2020:

	<u>2020</u>
Scholarship Funds Available – Beginning	\$ 1,071,507
Scholarships Purchased	119,506
Scholarships Redeemed	(36,257)
Refunds	<u>(160,245)</u>
<b>Scholarship Funds Available – Ending</b>	<b><u>\$ 994,511</u></b>

**NOTE 5 – AGENCY FUND TRANSACTIONS**

The Corporation serves as an agent for certain contributions throughout the year. The following is a schedule of activity by major donor:

	<u>2020</u>
Walsingham Academy Donation Received	\$ 250,000
St. Joe Community Foundation Grants:	
Received	628,353
Disbursed	<u>(628,353)</u>
<b>Total Agency Funds Liability At June 30, 2020</b>	<b><u>\$ 250,000</u></b>

**NOTE 6 – NET ASSETS**

At year end, net asset with donor-imposed restrictions consist of the following purpose restrictions:

	<u>2020</u>
Hurricane Michael Relief	\$ 184,523
Classroom Grants	273,323
Scholarships:	
Florida Prepaid Scholarship Fund	994,511
Other Scholarships	98,935
A. Gary Walsingham Academy Support:	
Received at June 30, 2020	250,000
Receivable at June 30, 2020	750,000
Other	<u>11,683</u>
<b>Total</b>	<b><u>\$ 2,562,975</u></b>

**Notes to Financial Statements**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

**NOTE 6 – NET ASSETS (concluded)**

Net assets without donor restrictions for the year ended June 30 consist of the following:

	<u>2020</u>
Undesignated	\$ 457,129
Board Designated:	
Reserve	199,473
Scholarships	67,151
Operations	<u>137,926</u>
<b>Total Net Assets Without Donor Restriction</b>	<b><u>\$ 861,679</u></b>

**NOTE 7 – FACILITIES**

Staff and volunteers conduct the activities of the Corporation utilizing space provided by the District. The Corporation does not report a value for donated use of space since the Corporation's purpose is to provide services to the District.

**NOTE 8 – FUNDRAISING EVENTS**

The Corporation held two fundraising events for the year ended June 30, 2020. Net revenues consist of the following:

	<u>Strides for</u> <u>Scholars</u>	<u>Golf</u> <u>Tournament</u>	<u>Total</u>
Total Revenue	\$ 16,198	\$ 54,749	\$ 70,947
Direct Donor Benefits	<u>(8,384)</u>	<u>(12,756)</u>	<u>(21,140)</u>
<b>Fundraising Events, Net</b>	<b><u>\$ 7,814</u></b>	<b><u>\$ 41,993</u></b>	<b><u>\$ 49,807</u></b>

**NOTE 9 – DONATED SERVICES**

The following table displays donated services received by the Corporation during the year ended June 30, 2020 that were not recorded in the financial statements because they do not meet the criteria for recognition:

<u>Volunteer Function</u>	<u>Activity</u>	<u>Hours</u>	<u>Value</u>
Take Stock in Children	Program	1,159	\$ 28,894
Board of Directors	Management	422	10,520
Events (Golf, Strides, Arts)	Fundraising	1,922	47,915
<b>Totals</b>		<b><u>3,503</u></b>	<b><u>\$ 87,330</u></b>

Value is computed at an hourly rate of \$24.93. This hourly rate is the estimated value per hour of volunteer time for Florida as estimated by Independent Sector. [http://www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time).

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

The Corporation restated net assets at June 30, 2019 to reflect the following assets that were not originally recorded:

	<u>Restated</u>	<u>Original</u>
Grants Receivable	\$ 23,843	\$ --
Florida Prepaid College	<u>1,071,507</u>	<u>--</u>
<b>Change to Assets</b>	<b><u>\$ 1,095,350</u></b>	<b><u>\$ --</u></b>
Net assets without Donor Restrictions	\$ 184,204	\$ 160,361
Net assets with Donor Restrictions	<u>4,756,777</u>	<u>3,685,270</u>
<b>Change to Net Assets</b>	<b><u>\$ 4,940,981</u></b>	<b><u>\$ 3,845,631</u></b>

**NOTE 11 – SUBSEQUENT EVENTS**

The Corporation has evaluated events and transactions for potential recognition or disclosure through April 27, 2021, which is the date the financial statements were available to be issued.

# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 352-395-6565 www.kattell.com

---

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

To the Board of Directors.  
Bay Education Foundation, Inc.

We have audited 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, the financial statements of Bay Education Foundation, Inc. (the Corporation) as of and for the year ended June 30, 2020, as listed in the table of contents, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 27, 2020.

### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the attached schedule of findings to be a material weakness.

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. We consider the deficiencies identified in the attached schedule of findings to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### Response to Findings

The Corporation's response to the findings identified in our audit are described in the accompanying letter from the Corporation. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kattell and Company, P.L.*

April 27, 2020

**Schedule of Findings**  
**June 30, 2020**  
**Bay Education Foundation, Inc.**

---

**Material Weakness**

---

**Finding 2020-001**

Finding. The Organization recorded a prior period adjustment in its financial statements.

Cause. The Organization was unaware that amounts on deposit with the Florida Prepaid Scholarship Fund should be recorded as assets in its financial statements.

Recommendation. The Organization should consider what procedures, if any, may be implemented to ensure accurate financial reporting in its annual financial statements.

---

**Significant Deficiencies**

---

**Finding 2020-002**

Finding. One employee regularly performs a majority of cash collection procedures. Although we found no evidence of theft, opportunities exist for that employee to misappropriate assets in a manner that may be difficult to detect.

Perspective. The Organization has implemented some controls that will reduce the risk of theft.

Recommendations. The Board should be aware of the remaining risks and should periodically consider what further controls may be implemented.

**Finding 2020-003**

Finding. The Organization did not use a ticket process, or other similar system, to provide accountability for tickets sold to its Arts Alive fundraising event. Although we found no evidence of theft, the lack of an accountable system for ticket sales provides an opportunity for skimming of event receipts in a manner that may be difficult to detect.

Recommendations. The Board should consider what controls could be implemented to provide accountability and an audit trail for all amounts collected.

---

**Other Matter**

---

**Finding 2020-004**

Finding. The Organization held amounts in cash accounts that were not invested and, therefore, not earning revenue. In addition, these amounts were well in excess of the \$250,000 insured deposits limits.

Recommendations. The Board should evaluate its liquid assets and consider alternative forms of investment that will meet its objectives for investment risk and return.



**BAY EDUCATION  
FOUNDATION**

Juan Andrada  
*President*

Larry Carroll  
*Vice President*

Cambridge Carruth  
*Secretary*

Dan Nix  
*Treasurer*

**Board Members**

Carrie Baker  
Shane Boyett  
Steven Clements  
Pat Commander  
Jessica Foster  
Wes Hatcher  
Lara Herter  
Robbie Hughes  
Mike McGuire  
Catherine Meek  
Tim Pralher  
Aaron Rich  
Michael Scott  
Jennifer Watson

**Ex Officio Members**

Brian Baber  
Pamm Chapman  
William Husfelt, III  
Franklin Harrison  
Ryan Posey

**Staff**

Melissa Pinero  
Executive Director  
Student Services  
Coordinator

Melissa Redus  
Associate Director  
Mentor Coordinator  
College Success  
Coach

*President Emeritus*  
Joe Chapman

April 27, 2021

Kattell and Company, P.L  
808-B NW 16<sup>th</sup> Avenue  
Gainesville, FL 32601

In response to the Audit Report by Kattell and Company, P.L. of the Bay Education Foundation, Inc. for fiscal year 2019-20:

**Finding 2020-001**

Finding. The Organization recorded a prior period adjustment in its financial statements.

1. Previous audits of the Bay Education Foundation, Inc. did not advise that the deposits with the Florida Prepaid Scholarship Fund be recorded as assets, therefore they were not included on the financial statements. Per your recommendation, these assets will be included on financial records beginning with fiscal year 2019-20 and forward.

**Finding 2020-002**

Finding. One employee regularly performs a majority of cash collection procedures. Although we found no evidence of theft, opportunities exist for that employee to misappropriate assets in a manner that may be difficult to detect.

2. The current staffing structure of the Bay Education Foundation, Inc. is two full time employees and one part time employee. Due to the limited amount of staff availability, the Board understands the risk with cash collection and will seek alternative safeguards if possible and feasible to maintain normal operations.

**Finding 2020-003**

Finding. The Organization did not use a ticket process, or other similar system, to provide accountability for tickets sold to its Arts Alive fundraising event. Although we found no evidence of theft, the lack of an accountable system for ticket sales provides an opportunity for skimming of event receipts in a manner that may be difficult to detect.

3. The Bay Education Foundation, Inc. will implement procedures to provide accountability for tickets sold for future Arts Alive events.

**Finding 2020-004**

Finding. The Organization held amounts in cash accounts that were not invested and, therefore, not earning revenue. In addition, these amounts were well in excess of the \$250,000 insured deposits limits.

4. The Bay Education Foundation, Inc. agrees with this comment and will take the necessary steps to diversity the cash in various account and financial institutions.

Sincerely,

Melissa S. Pinero  
Executive Director

Daniel L. Nix  
2019-2021 Treasurer