

# The Escambia County Public Schools Foundation for Excellence, Inc.

A Component Unit of the Escambia  
County District School Board

## Financial Statements

June 30, 2020



**CRI** CARR  
RIGGS &  
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CPAs and Advisors

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The Escambia County Public Schools Foundation for Excellence, Inc.  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Escambia County Public Schools Foundation for Excellence, Inc.  
Pensacola, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Escambia County Public Schools Foundation for Excellence, Inc. (a nonprofit organization and a component unit of the Escambia County School District), 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 Escambia County Public Schools Foundation for Excellence, Inc. as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in conformity 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 September 25, 2020 on our consideration of The Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the 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 The Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
September 25, 2020

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	<b>2020</b>
<b>Assets</b>	
Cash	\$ 428,186
Certificates of deposit	486,821
Accounts receivable	26,082
Promises to give	1,000
Prepaid expenses	1,650
Property and equipment, net	149
<hr/>	
Total assets	\$ 943,888
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<b>Liabilities and Net Assets</b>	
Accounts payable	\$ 3,892
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Net assets	
Without donor restrictions	212,881
With donor restrictions	727,115
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Total net assets	939,996
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Total liabilities and net assets	\$ 943,888
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*The accompanying notes are an integral part of these financial statements.*

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2020</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
Contributions and grants	\$ 621,693	\$ 324,691	\$ 946,384
In-kind support	48,972	-	48,972
Event and other support income	115,696	-	115,696
Interest income	1,092	-	1,092
Net assets released from restrictions	114,240	(114,240)	-
<b>Total revenue and other support</b>	<b>901,693</b>	<b>210,451</b>	<b>1,112,144</b>
<b>Expenses</b>			
<i>Program services</i>			
Educational grants	103,805	-	103,805
School enrichment	109,028	-	109,028
Take Stock In Children (TSIC)	301,714	-	301,714
Educational enhancements	225,911	-	225,911
<b>Total program services</b>	<b>740,458</b>	<b>-</b>	<b>740,458</b>
<i>Supporting services</i>			
General and administrative	108,522	-	108,522
<b>Total expenses</b>	<b>848,980</b>	<b>-</b>	<b>848,980</b>
Change in Net Assets	52,713	210,451	263,164
Net assets at beginning of year	160,168	516,664	676,832
<b>Net assets at end of year</b>	<b>\$ 212,881</b>	<b>\$ 727,115</b>	<b>\$ 939,996</b>

*The accompanying notes are an integral part of these financial statements.*

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Statement of Functional Expense**

<i>For the year ended June 30, 2020</i>	<b>Program Services</b>					<b>Supporting Services</b>		<b>Total</b>
	Educational Grants	School Enrichment	Take Stock in Children	Educational Enhancements	Programs subtotal	Management and General		
Donated payroll and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,972	\$ 48,972	
Payroll and benefits	-	-	-	-	-	26,123	26,123	
Contract labor	-	-	123,519	-	123,519	9,774	133,293	
Grants	103,805	-	-	-	103,805	-	103,805	
Professional fees	-	-	-	-	-	8,300	8,300	
Depreciation	-	-	-	-	-	106	106	
Direct teacher/student support	-	109,028	-	225,911	334,939	-	334,939	
Insurance	-	-	-	-	-	1,830	1,830	
Memberships	-	-	-	-	-	1,775	1,775	
Scholarships	-	-	178,195	-	178,195	-	178,195	
Supplies	-	-	-	-	-	6,470	6,470	
Travel	-	-	-	-	-	1,341	1,341	
Other	-	-	-	-	-	3,831	3,831	
<b>Total</b>	<b>\$ 103,805</b>	<b>\$ 109,028</b>	<b>\$ 301,714</b>	<b>\$ 225,911</b>	<b>\$ 740,458</b>	<b>\$ 108,522</b>	<b>\$ 848,980</b>	

*The accompanying notes are an integral part of these financial statements.*

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Statement of Cash Flows**

<i>For the year ended June 30,</i>	<b>2020</b>
<b>Cash Flows from Operating activities</b>	
Change in net assets	\$ 263,164
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	106
Change in operating assets and liabilities	
Accounts receivable	(464)
Prepaid expenses	(1,650)
Promises to give	(446)
Accounts payable	3,110
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Net cash provided by operating activities	263,820
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<b>Investing activities</b>	
Purchases of certificates of deposit	(213,476)
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Net cash provided (used) by investing activities	(213,476)
<hr/>	
Net change in cash	50,344
Cash at beginning of year	377,842
<hr/>	
Cash at end of year	\$ 428,186
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*The accompanying notes are an integral part of these financial statements.*



# The Escambia County Public Schools Foundation for Excellence, Inc.

## Notes to Financial Statements

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

The Escambia County Public Schools Foundation for Excellence, Inc. (“the Foundation”) is a not-for-profit corporation organized under the laws of the State of Florida. The Foundation was formed in September 1986 for the purpose of raising funds for supplementing and assisting the Escambia County Public School District (“the District”). The Foundation operates exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of public pre-kindergarten through twelfth grade, adult vocational and community education programs in Escambia County, Florida. The Foundation also receives support through private contributions from individuals and businesses and various fund-raising projects. The Foundation is a direct support organization of the School District as authorized by Chapter 237.40 F.S. and therefore is considered a component unit of the District.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

#### ***Accounts Receivable***

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

***Promises to Give***

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Assets acquired and maintained by individual programs and schools are not capitalized in the Foundation's accounting records. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Furniture and equipment	5 - 7 years
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***Net Assets***

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

## **The Escambia County Public Schools Foundation for Excellence, Inc. Notes to Financial Statements**

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Net Assets (Continued)***

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, 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.

#### ***Revenue Recognition***

Contributions and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

#### ***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. During the year ended June 30, 2020, no donated equipment or supplies were received.

#### ***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Foundation receives donated accounting and executive director services from District personnel. During the year ended June 30, 2020, the value of services received from personnel of the District totaled \$48,972.

#### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. When applicable, expenses that benefit more than one program or supporting function are allocated to the various programs and functions based on the percentage of benefit to each program. For the year ended June 30, 2020, management did not allocate any donated payroll or benefits to program services.

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fees for Restricted Accounts***

The Foundation charges a 3% fiscal agent fee on all new deposits and donations designated for restricted fund accounts. In addition to the above fiscal agent fee, if a deposit or donation is made with a debit or credit card, the Foundation will charge a minimum of 4% convenience fee, not to exceed 5%.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Foundation believes it is no longer subject to income tax examinations for years prior to 2016.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 25, 2020 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Note 3: FINANCIAL ASSET AVAILABILITY**

The Foundation maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 3: FINANCIAL ASSET AVAILABILITY (Continued)**

<i>June 30,</i>	2020
Financial assets, at year-end	\$ 942,089
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(727,115)
Financial assets available to meet cash needs for general expenditures	\$ 214,974

Financial assets at year-end as noted in the above schedule exclude property and equipment and prepaid expenses.

**Note 4: CERTIFICATES OF DEPOSIT**

At June 30, 2020, the Foundation had \$486,821 of monies in five certificates of deposit at local financial institutions. These certificates are reported at amortized cost. Terms of these investments range from six months to three years, maturing July 2020 through June 2023, with interest earned at rates of .05% though 2.07%.

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

<i>June 30,</i>	2020
Grants	\$ 26,082
Accounts receivable	\$ 26,082

**Note 6: AVAILABLE CREDIT**

The Foundation has a credit card through a local bank with a limit of \$10,000. As of June 30, 2020, the Foundation had a balance of \$3,892 on the credit card.

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 7: NET ASSETS**

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	<u>2020</u>
Undesignated	\$ 212,881
Net assets without donor restrictions	<u>\$ 212,881</u>

A summary of net assets with donor purpose restrictions follows:

<i>June 30,</i>	<u>2020</u>
Programs	
Take Stock in Children	\$ 217,821
Professional Learning Workshops	35,767
Laptop Computers	19,293
Scholarship	11,863
Workforce Fire Fighters - PFHS	9,949
Grants for Excellence	9,073
Athletics	7,818
Quintessential Training	7,718
Social Studies	7,365
Workforce - ECE Academies	6,153
Community Involvement	5,773
Wendy's Golden Apple Academy	5,757
Workforce Criminal Justice - EHS	5,221
Others (Less than \$5,000 individually)	67,632
Total Programs	<u>\$ 417,203</u>

(continued)

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 7: NET ASSETS (Continued)**

<i>June 30,</i>	<i>2020</i>
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Schools	
3 year-old Pre-K	\$ 71,237
WFHS Cox and GP Academics	36,491
Superintendent's Circle	13,580
Scenic Heights Main Acct	13,562
Cordova Park Elementary School	12,209
United Way	11,399
Global Learning Main	10,320
Workman Orchestra	8,207
Cook Elementary Main Acct	7,772
Technology	6,725
WHS Tennis	6,404
Brown-Barge Main Acct	6,340
Reg Sci & Engr Fair	5,914
Title I	5,721
Escambia Virtual	5,343
Others (Less than \$5,000 individually)	88,688
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Total Schools	309,912
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Net assets with donor restrictions	\$ 727,115
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**Note 8: CONCENTRATIONS**

The Foundation maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC), which provides coverage up to \$250,000 per bank. The Foundation has cash balances on deposit at June 30, 2020 that exceed the balance insured by the FDIC.

The Foundation's services are funded primarily through the involvement of the local business community, grants from Take Stock in Children, and area organizations in coordination with the Escambia County School District. The Foundation's ability to provide the same level of services is dependent on the continued funding from these sources.

**The Escambia County Public Schools Foundation for Excellence, Inc.**  
**Notes to Financial Statements**

**Note 9: UNCERTAINTY FROM COVID-19**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Foundation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.





## **Supplementary Information**

**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 and Members  
The Escambia County Public Schools Foundation for Excellence, Inc.  
Pensacola, 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 Escambia County Public Schools Foundation for Excellence, Inc. ("the Foundation"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management 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.

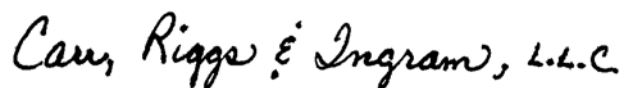
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 Foundation's financial statements are free from 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 or 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 to 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, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida  
September 25, 2020