

# Levy County Schools Foundation, Inc.

## Financial Statements And Independent Auditors' Reports

June 30, 2020

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# 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  
Levy County Schools Foundation, Inc.  
Chiefland, Florida

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Levy County Schools 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.

**Report on Summarized Comparative Information.** We have previously audited the Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 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.*

May 25, 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**  
**(with summarized comparative totals for 2019)**  
**Levy County Schools Foundation, Inc.**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 158,404	\$ 109,006
Contributions Receivable	3,200	8,280
Other Receivables	--	11,604
Investments:		
Available for Current Expenditure	240,489	237,865
Restricted to Long-Term Investment	<u>300,000</u>	<u>300,000</u>
<b>Total Assets</b>	<b><u>\$ 702,093</u></b>	<b><u>\$ 666,755</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 800	\$ 1,010
Payroll Taxes Payable	<u>472</u>	<u>369</u>
Total Liabilities	1,272	1,379
Net Assets:		
Without donor restrictions	110,596	86,519
With donor restrictions	<u>590,225</u>	<u>578,857</u>
Total Net Assets	<u>700,821</u>	<u>665,376</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 702,093</u></b>	<b><u>\$ 666,755</u></b>

See accompanying notes.

**Statement of Activities**  
**For Year Ended June 30, 2020**  
(with summarized comparative totals for 2019)  
**Levy County Schools Foundation, Inc.**

	<b>2020</b>			<b>2019</b>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenue:				
State Grants:				
CFEF Grant	\$ --	\$ 18,042	\$ 18,042	\$ 16,490
Contributions:				
Classroom Grants	--	60,514	60,514	21,583
Scholarships	--	23,830	23,830	26,890
Donated Office Space	4,200	--	4,200	4,200
Fundraising Events, Net	42,482	--	42,482	46,669
General Contributions	22,149	--	22,149	731
Investment Return, Net	3,630	7,618	11,248	15,331
Net Assets Released from Restrictions	98,636	(98,636)	--	--
<b>Total Revenues</b>	<b>171,097</b>	<b>11,368</b>	<b>182,465</b>	<b>131,894</b>
Expenses:				
Programs:				
Classroom Grants	54,677	--	54,677	41,775
Scholarships	40,250	--	40,250	32,700
Other	24,277	--	24,277	18,586
Total Program	119,204	--	119,204	93,061
Management and General	21,777	--	21,777	20,762
Fundraising	6,039	--	6,039	5,378
<b>Total Expenses</b>	<b>147,020</b>	<b>--</b>	<b>147,020</b>	<b>119,201</b>
<b>Change in Net Assets</b>	<b>24,077</b>	<b>11,368</b>	<b>35,445</b>	<b>12,693</b>
<b>Net Assets, Beginning</b>	<b>86,519</b>	<b>578,857</b>	<b>665,376</b>	<b>652,683</b>
<b>Net Assets, End</b>	<b>\$ 110,596</b>	<b>\$ 590,225</b>	<b>\$ 700,821</b>	<b>\$ 665,376</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For Year Ended June 30, 2020**  
**(with summarized comparative totals for 2019)**  
**Levy County Schools Foundation, Inc.**

	Programs	Management and General	Fundraising	Direct Donor Benefits	2020 Total	2019 Total
Salaries	\$ 19,664	\$ 4,307	\$ 4,307	\$ --	\$ 28,278	\$ 20,171
Classroom Grants	54,677	--	--	--	54,677	41,775
Scholarships	40,250	--	--	--	40,250	32,700
Accounting Expenses	--	15,933	--	--	15,933	15,384
Office Expenses	2,093	697	697	--	3,487	2,519
Event Food and Entertainment	--	--	195	10,086	10,281	12,843
In-Kind Assistance:						
Donated Office Space	2,520	840	840	--	4,200	4,200
Event Facility and Food	--	--	--	--	--	9,900
<b>Total Expenses</b>	<b>119,204</b>	<b>21,777</b>	<b>6,039</b>	<b>10,086</b>	<b>157,106</b>	<b>139,492</b>
<b>Expenses Netted Against Revenues:</b>						
Fundraising Events (Note 9)	--	--	--	(10,086)	(10,086)	(20,291)
<b>Total Functional Expenses</b>	<b>\$ 119,204</b>	<b>\$ 21,777</b>	<b>\$ 6,039</b>	<b>\$ --</b>	<b>\$ 147,020</b>	<b>\$ 119,201</b>

See accompanying notes.

**Statement of Cash Flows**  
**For Year Ended June 30, 2020**  
(with summarized comparative totals for 2019)  
**Levy County Schools Foundation, Inc.**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 35,445	\$ 12,693
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Net Investment Return	(11,124)	(15,331)
Changes In:		
Receivables	16,684	(18,874)
Prepaid Expenses	--	2,849
Payables	(107)	658
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>40,898</b>	<b>(18,005)</b>
Cash Flows from Investing Activities:		
Securities Sold	8,500	--
<b>Net Cash Flows Provided by Investing Activities</b>	<b>8,500</b>	<b>--</b>
<b>Net Change in Cash</b>	<b>49,398</b>	<b>(18,005)</b>
<b>Cash, Beginning</b>	<b>109,006</b>	<b>127,011</b>
<b>Cash, End</b>	<b>\$ 158,404</b>	<b>\$ 109,006</b>

See accompanying notes.

**Notes to Financial Statements**  
**June 30, 2020**  
**Levy County Schools Foundation, Inc.**

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

Levy County Schools 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 Levy 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.

Cash

Cash consists of checking and savings deposits in financial institutions in the United States. Amounts on deposit did not exceed insured balance limits of the Federal Deposit Insurance Corporation.

Receivables

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

Other receivables consist of accumulated carrying costs of property held for sale. Amounts were collectable upon sale of the property in the year ended June 30, 2020.

Investments

Investments are reported at fair value. The Corporation invests only in debt and equity securities with readily determinable fair values. Their fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions. (Also known as Level 1 of the fair value hierarchy.)

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.

Revenue Recognition - Contributions

*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.

*Contributions.* Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded at their estimated fair values. 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. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contributions are recognized.

**Notes to Financial Statements**  
**June 30, 2020**  
**Levy County Schools Foundation, Inc.**

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

Revenue Recognition – Contributions (Concluded)

*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.

Revenue Recognition – Contracts with Customers

Ticket sales for the Corporation's fundraising events are earned and recognized at the time the event is held.

Endowment Funds

Generally accepted accounting principles define an endowment fund as an established fund of cash, securities or other assets to provide income for the maintenance of a not-for-profit organization (NPO). The use of the assets of the fund may be restricted based on 1) the presence or absence of donor restrictions, or 2) the provisions of state law. In addition, the Board of a NPO may earmark a portion of its unrestricted net assets as a board-designated endowment to be invested to provide income for the NPOs operations and programs.

It is the policy of the Corporation to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated over the succeeding year.

The Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) includes the following provision: *Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.* The Organization has interpreted FUPMIFA to require investment earnings in excess of the fair value of the original gift to be treated as restricted net assets until appropriated for expenditure by the Board of Directors.

See Note 6 for information on endowment activity and balances.

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.

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.



**Notes to Financial Statements**  
**June 30, 2020**  
**Levy County Schools 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>	<u>2019</u>
Cash and equivalents	\$ 158,404	\$ 109,006
Contributions receivable	3,200	8,280
Other receivables	--	11,604
<b>Financial assets available for general expenditures</b>	<b><u>\$ 161,604</u></b>	<b><u>\$ 128,890</u></b>

The investments of the Corporation are financial assets; however, all investments are endowment funds and are either restricted by donors or designated by the board for long-term investment. Any other donor restrictions are available for scholarships or classroom grants.

The above table reflects donor-restricted and board designated endowment funds as unavailable because it is the Corporation's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment.

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

**NOTE 4 – INVESTMENTS**

The Corporation has invested in the following at year end,

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 62,399	\$ 61,813
Mutual Funds:		
Primarily Debt Securities	271,046	304,699
Primarily Equity Securities	207,044	171,353
Totals at Market Value	<b><u>\$ 540,489</u></b>	<b><u>\$ 537,865</u></b>

Investment return consists of the following:

	<u>2020</u>	<u>2019</u>
Dividend Income	\$ 14,778	\$ 14,382
Interest and Other Income	3,880	3,506
Net Gains and (Losses)	(1,669)	3,203
Advisory and Service Fees	(5,865)	(5,760)
Net Investment Income	<b><u>\$ 11,124</u></b>	<b><u>\$ 15,331</u></b>

**NOTE 5 – NET ASSETS**

Details of net asset with donor restrictions were as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Endowment Principal:		
Mt. Pilgrim Scholarship Fund	\$ 250,000	\$ 250,000
V. E. Whitehurst Scholarship Fund	50,000	50,000
Specific Purpose:		
Classroom Grants	51,599	35,329
Scholarships:		
Amounts held in Endowment Funds	174,026	170,908
Other	64,600	72,620
<b>Total Net Assets with Donor Restriction</b>	<b><u>\$ 590,225</u></b>	<b><u>\$ 578,857</u></b>

**Notes to Financial Statements**  
**June 30, 2020**  
**Levy County Schools Foundation, Inc.**

**NOTE 5 – NET ASSETS (Concluded)**

Details of net assets without donor restrictions were as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 42,120	\$ 18,478
Board Designated:		
Amounts held in Endowment Funds	66,463	66,957
Operations	<u>2,013</u>	<u>1,084</u>
<b>Total Net Assets Without Donor Restriction</b>	<b><u>\$ 110,596</u></b>	<b><u>\$ 86,519</u></b>

**NOTE 6 – ENDOWMENT FUNDS**

The changes in endowment fund balances by net asset class are as follows:

	Board Designated	Specific Purpose	Endowment Principal	Totals
<b>Balance – July 1, 2018</b>	<b>\$ 62,913</b>	<b>\$ 159,621</b>	<b>\$ 300,000</b>	<b>\$ 522,534</b>
Interest/Investment Income, Net of fees	3,044	12,287	--	15,331
Contributions/Transfers In	--	--	--	--
Appropriations for Expenditure/Transfers Out	<u>1,000</u>	<u>(1,000)</u>	<u>--</u>	<u>--</u>
<b>Balance – June 30, 2019</b>	<b>\$ 66,957</b>	<b>\$ 170,908</b>	<b>\$ 300,000</b>	<b>\$ 537,865</b>
Interest/Investment Income, Net of Fees	2,506	8,618	--	11,124
Contributions/Transfers In	--	--	--	--
Appropriations for Expenditure/Transfers Out	<u>(3,000)</u>	<u>(5,500)</u>	<u>--</u>	<u>(8,500)</u>
<b>Balance – June 30, 2020</b>	<b><u>\$ 66,463</u></b>	<b><u>\$ 174,026</u></b>	<b><u>\$ 300,000</u></b>	<b><u>\$ 540,489</u></b>

Endowment funds are classified into the following net asset categories based on donor-imposed restrictions or board designations:

	Board Designated	Specific Purpose	Endowment Principal	Totals
<b>2020</b>				
Board Designated	\$ 66,463	\$ --	\$ --	\$ 66,463
Mt. Pilgrim Scholarship	--	53,884	250,000	303,884
Usher Scholarship	--	115,232	--	115,232
Whitehurst Scholarship	--	4,910	50,000	54,910
<b>Totals</b>	<b><u>\$ 66,463</u></b>	<b><u>\$ 174,026</u></b>	<b><u>\$ 300,000</u></b>	<b><u>\$ 540,489</u></b>
<b>2019</b>				
Board Designated	\$ 65,957	\$ --	\$ --	\$ 65,957
Mt. Pilgrim Scholarship	1,000	53,112	250,000	304,112
Usher Scholarship	--	112,937	--	112,937
Whitehurst Scholarship	--	4,859	50,000	54,859
<b>Totals</b>	<b><u>\$ 66,957</u></b>	<b><u>\$ 170,908</u></b>	<b><u>\$ 300,000</u></b>	<b><u>\$ 537,865</u></b>

**NOTE 7 – SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**Notes to Financial Statements**  
**June 30, 2020**  
**Levy County Schools Foundation, Inc.**

**NOTE 8 – IN-KIND FACILITIES**

A former board member donates a small office space to the Corporation. The estimated fair value of the space is \$350 per month, or \$4,200 per year in years 2020 and 2019.

**NOTE 9 – FUNDRAISING EVENTS**

The Corporation holds two annual fundraising events each year. Net revenues consist of the following:

<b>2020</b>			
Revenue:	<b><u>Stars Gala</u></b>	<b><u>Beast Feast</u></b>	<b><u>Total</u></b>
Sponsorships & Cash Contributions	\$ 18,650	\$ 6,783	\$ 25,433
Auction	9,135	6,500	15,635
Ticket Sales	<u>6,000</u>	<u>5,500</u>	<u>11,500</u>
Total Revenue	33,785	18,783	52,568
Direct Donor Benefits	<u>(8,302)</u>	<u>(1,784)</u>	<u>(10,086)</u>
<b>Fundraising Events, Net</b>	<b><u>\$ 25,483</u></b>	<b><u>\$ 16,999</u></b>	<b><u>\$ 42,482</u></b>

  

<b>2019</b>			
Revenue:	<b><u>Stars Gala</u></b>	<b><u>Beast Feast</u></b>	<b><u>Total</u></b>
Sponsorships & Cash Contributions	\$ 24,370	\$ 9,060	\$ 33,430
Auction	7,950	7,200	15,150
In-kind Contributions	4,200	5,700	9,900
Ticket Sales	<u>3,780</u>	<u>4,700</u>	<u>8,480</u>
Total Revenue	40,300	26,660	66,960
Direct Donor Benefits	<u>(11,817)</u>	<u>(8,474)</u>	<u>(20,291)</u>
<b>Fundraising Events, Net</b>	<b><u>\$ 28,483</u></b>	<b><u>\$ 18,186</u></b>	<b><u>\$ 46,669</u></b>

**NOTE 10 – DONATED SERVICES**

The Corporation received over 542 hours in 2020 and 2019 of volunteer time from its Board members. These donations supported the program, and general and administrative activities of the Corporation. At \$24.93 per hour, this amounts to \$13,512 in 2020, and \$24.04 per hour, this amounts to \$13,030 in 2019 of additional contributions and expenses. 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 11 – SUBSEQUENT EVENTS**

The Corporation has evaluated events and transactions for potential recognition or disclosure through May 25, 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 kattell.com

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

To the Board of Directors.  
Levy County Schools 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 Levy County Schools 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 May 25, 2021.

### 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.

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. 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the attached Schedule of Findings, that we consider to be a significant deficiency.

### 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 instances of noncompliance or other matters, described in the attached Schedule of Findings, that are required to be reported under *Government Auditing Standards*.

### Response to Findings

The Corporation's response to the finding identified in our audit is 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.*

May 25, 2021

**Schedule of Findings**  
**June 30, 2020**  
**Levy County Schools Foundation, Inc.**

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**Significant Deficiency**

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**Finding 2020-001:**

Finding. The Organization has only one employee and that employee regularly performs a majority of cash collection and disbursement 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 certain supervisory 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.

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**Other Matter**

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**Finding 2019-002:**

Finding. The Organization held endowment funds that were not invested and, therefore, not earning revenue.

Recommendations. The Board should evaluate its liquid assets and create an investment portfolio that balances its risk and return objectives.



LEVY  
COUNTY  
SCHOOLS  
FOUNDATION

Building for  
the Future

#### Our Mission

We are committed to supporting public education in Levy County by developing resources to encourage educational innovation, promote and recognize excellence and address the needs of all students, faculty, and staff. We serve collaboratively with business and community members as an independent 501(c)3 organization.

5/25/2021

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

### **Letter of Response for 2020 Audit**

#### ***Finding 2020-001:***

**Finding.** The Organization has only one employee and that employee regularly performs a majority of cash collection and disbursement 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 certain supervisory 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.

#### **Response to Finding 2020-001:**

The board has been made aware of the risks associated with having only one employee. However, at this time, they feel with the practices in place by having two signers on checks (neither of which are the paid employee), and having the accountant reconcile all accounts provides adequate checks and balances. The board is also provided a monthly financial statement which shows contributions coming in and expenses paid out. Also, there are very few cash transactions, and in the event that cash is handled at fundraising events, two board members count, verify, and sign off on receiving the cash before passing along to the paid employee who then deposits into the checking account. The board is also very involved in knowing what contributions are coming in from scholarships, grant funds, and scholarship contributions.

#### ***Finding 2020-002:***

**Finding.** The Organization held endowment funds that were not invested and, therefore, not earning revenue.

**Recommendations.** The Board should evaluate its liquid assets and create an investment portfolio that balances its risk and return objectives.

#### **Response to Finding 2020-002:**

The board has been made aware of the funds that are being invested in a non-interest bearing account. The board has made contact with the fund manager to discuss options for moving the funds to an interest bearing investment. A decision has not yet been made to move the funds, but the board plans to approve a plan in the near future.

Thank you for your professionalism and detail during this year's audit process.

Annie Whitehurst  
Executive Director  
Levy County Schools Foundation

*Not-for-Profit Organization 5-299520*  
PO Box 1386 \* Bronson, FL 32621 \* Ph: (352) 493-6056  
lcsf@levyk12.org \* www.levycountyschoolsfoundation.org