

# 2020

Public Education Foundation of Marion County, Inc.

Financial Statements  
and Independent Auditor's Report

June 30, 2020

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**PUBLIC EDUCATION FOUNDATION OF  
MARION COUNTY, INC.  
OCALA, FLORIDA**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Public Education Foundation of Marion County, Inc.  
Ocala, Florida

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

We have audited the accompanying financial statements of the Public Education Foundation of Marion County, Inc. (the Foundation), a component unit of the Marion County District School Board (the District), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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.

## CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
Public Education Foundation of Marion County, Inc.  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of a Matter

As more fully described in Note 1 to the financial statements as a change in reporting, the Foundation changed to reporting in conformity with the Governmental Accounting Standards Board from the Financial Accounting Standards Board for the year ended June 30, 2020.

As more fully described in Note 1 to the financial statements, the Foundation may be operationally and financially impacted by the outbreak of the novel coronavirus (COVID-19) pandemic.

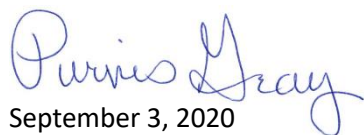
### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2020, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Foundation's internal control over financial reporting and compliance.



September 3, 2020  
Ocala, Florida

**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

This section of the Public Education Foundation of Marion County Inc. (the Foundation) annual financial report presents our discussion and analysis of financial performance for the fiscal periods ended on June 30, 2020 and 2019. Please read it in conjunction with the preceding Accountant's Audit Report and financial statements following this section.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide information about activities and present a longer-term view of financial position. The Statements of Cash Flows provides information regarding net cash from (used in) various activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These notes are an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of activities and performance.

**FINANCIAL ANALYSIS**

**NET POSITION**

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 796,886	\$ 881,631
Capital Assets, Net	8,586	7,872
Non-Current Assets	<u>2,479,538</u>	<u>2,519,498</u>
Total Assets	<u>3,285,010</u>	<u>3,409,001</u>
Current Liabilities	<u>12,379</u>	<u>323,662</u>
Total Liabilities	<u>12,379</u>	<u>323,662</u>
Net Position		
Unrestricted	670,181	469,632
Net Investment in Capital Assets	8,586	7,872
Restricted	<u>2,593,864</u>	<u>2,607,835</u>
Net Position at End of Year	<u>\$ 3,272,631</u>	<u>\$ 3,085,339</u>

In comparing 2020 activity to 2019 activity, we note the following:

Total assets decreased by 3.6%, or \$123,991. Current assets decreased by \$84,745, and capital assets increased by \$714. Part of the decline in current assets was caused by a large decrease in Funds Held on Behalf of Others. Non-current assets, including the Foundation's investment accounts, decreased by \$39,960 during 2020 as a result of market returns being down slightly from the previous year.

There was a net decrease in total liabilities of \$311,283, due primarily to a \$304,221 decrease in Funds Held on Behalf of Others.

Total net position increased by \$187,292.

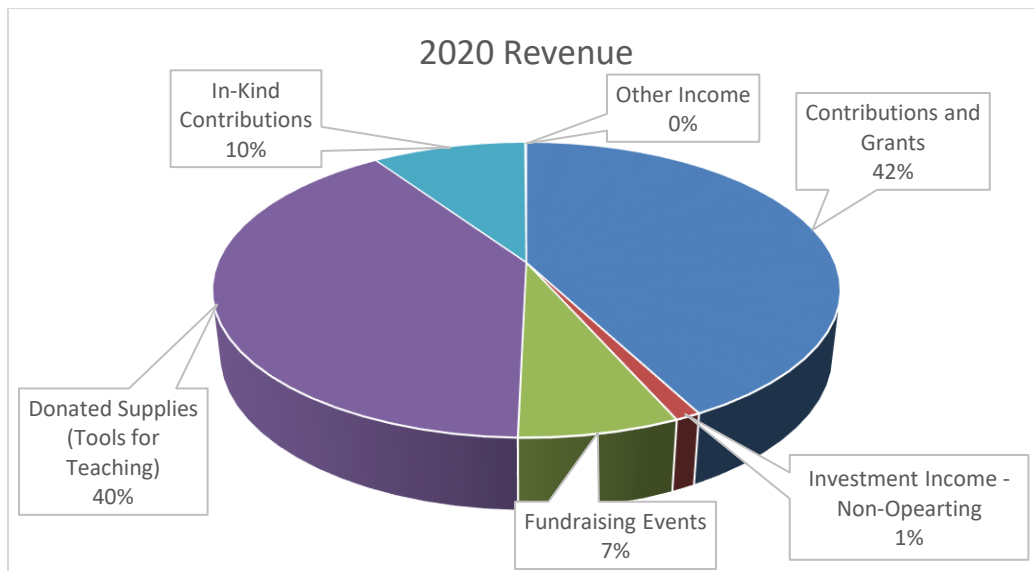
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**CHANGES IN NET POSITON**

	<u>2020</u>	<u>2019</u>
<b>Revenue:</b>		
Contributions and Grants	\$ 850,011	\$ 722,736
Fundraising Events	140,471	174,307
Donated Supplies (Tools for Teaching)	807,155	660,039
In-Kind Contributions	189,676	144,120
Other Income	1,734	9,752
Investment Income - Non-Operating	22,449	52,960
<b>Total Revenue</b>	<u>2,011,496</u>	<u>1,763,914</u>
<b>Expenses:</b>		
Program	1,223,421	1,318,116
District Support	249,640	253,802
General and Administrative	316,266	323,838
Fundraising	34,877	52,057
<b>Total Expenses</b>	<u>1,824,204</u>	<u>1,947,813</u>
<b>Change in Net Position</b>	187,292	(183,899)
<b>Net Position at Beginning of Year</b>	<u>3,085,339</u>	<u>3,269,238</u>
<b>Net Position at End of Year</b>	<u>\$ 3,272,631</u>	<u>\$ 3,085,339</u>

Significant differences between 2020 and 2019 revenues and expenses are discussed below:

**REVENUES**



**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Operating Revenue** – Overall Operating Revenue increased by \$278,093, with Donated Supplies for Tools 4 Teaching increasing by 22.3%, or \$147,166, due to large donations of supplies. There was also a \$127,275 increase in Contributions and Grants.

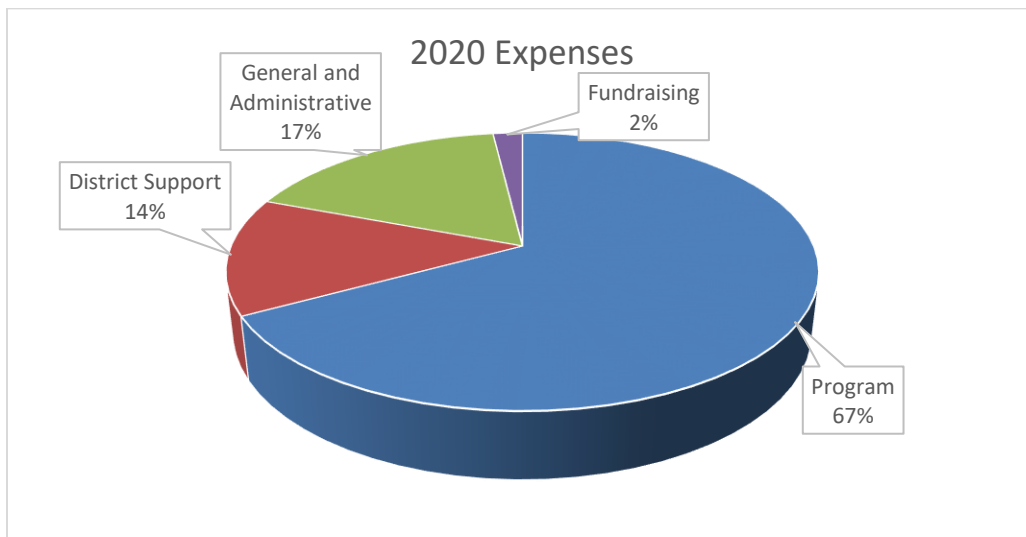
**Non-Operating Revenue** – Overall Non-Operating Revenue decreased by \$30,511, or 57.6%, due to the lower investment income over the prior year.

**Contributions and Grants** consists of private non-endowed contributions.

**Investment Income** is comprised of investment earnings and gain/loss on land held for investment purposes.

**In-Kind Contributions** are exclusive of direct support received from the School Board (see Note 7), which includes facilities and salary and benefits.

**EXPENSES**



**Program Expenses** include various Scholarships, Take Stock in Children and Tools 4 Teaching.

**District Support** is comprised of expense for services and support paid to schools and the District primarily through Grants for Great Ideas and Business Partners.

**General and Administrative** is comprised of salary and benefits of Foundation staff, as well as other administrative fees, supplies and services for the Foundation.

**Fundraising** is comprised expenses for fundraising and special events.

**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**NET POSITION**

As a result of the foregoing activity, net position increased by 6.1% or \$187,292, to \$3,272,631. Restricted net position decreased by 0.5% or \$13,971, while unrestricted net position excluding net investment in capital assets increased by 42.7% or \$200,549.

**OTHER**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the United States, with accelerated effects in February and March, as federal, state, and local governments reacted to the public health crisis, creating significant uncertainties in the United States economy. In the interest of public health and safety, face to face teaching at schools was halted and students completed the remainder of the school year online. Several special events were canceled for the Foundation due to COVID-19, and the potential impact on contributions and donations are unknown at this time. Donations of supplies are likely to decline if businesses that typically contribute are financial strapped, and the need for some supplies may also decline as more students elect to complete their education online, or if face to face teaching is again halted.

While there is uncertainty on the ongoing effects of COVID-19, the Foundation is still positioned to continue to provide the District with resources to assist in carrying out its mission to financially and materially support Marion County Public Schools, its students, and teachers.

**REQUESTS FOR INFORMATION**

This section of the Foundation's annual financial report is designed to provide a general overview of the Foundation's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Public Education Foundation of Marion County, Inc. at 1239 NW 4<sup>th</sup> St, Ocala, Florida 34475.



**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 385,885	\$ 449,617
Accounts Receivable	57,311	58,757
Inventory	349,519	335,208
Prepaid Expenses	4,171	38,049
<b>Total Current Assets</b>	<u>796,886</u>	<u>881,631</u>
<b>Property and Equipment, Net</b>	<u>8,586</u>	<u>7,872</u>
<b>Non-Current Assets</b>		
Investments	552,869	546,842
Assets Held by Others	1,918,213	1,964,614
Interest in Beneficial Trust	8,456	8,042
<b>Total Non-Current Assets</b>	<u>2,479,538</u>	<u>2,519,498</u>
<b>Total Assets</b>	<u><u>3,285,010</u></u>	<u><u>3,409,001</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Expenses and Accounts Payable	4,278	10,801
Lease Payable - Current Portion	-	539
Funds Held on Behalf of Others	8,101	312,322
<b>Total Current Liabilities</b>	<u>12,379</u>	<u>323,662</u>
<b>Total Liabilities</b>	<u>12,379</u>	<u>323,662</u>
<b>Net Position</b>		
Unrestricted	670,181	469,632
Net Investment in Capital Assets	8,586	7,872
Restricted:		
Tools 4 Teaching	349,519	335,208
Scholarships	2,135,797	2,164,179
Non-Spendable Endowments	108,548	108,448
<b>Total Net Position</b>	<u>3,272,631</u>	<u>3,085,339</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 3,285,010</u></u>	<u><u>\$ 3,409,001</u></u>

See accompanying notes.

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**JUNE 30, 2020 AND 2019**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenue and Support</b>		
Contributions and Grants	\$ 850,011	\$ 722,736
Fundraising Events	140,471	174,307
Donated Supplies (Tools 4 Teaching)	807,155	660,039
In-Kind Contributions	189,676	144,120
Other Income	1,734	9,752
<b>Total Revenues, Gains, and Other Support</b>	<u>1,989,047</u>	<u>1,710,954</u>
<b>Operating Expenses</b>		
Take Stock in Children	224,317	187,114
Tools 4 Teaching	857,387	807,937
Silver Springs Science Lab	32,003	-
District Support	249,640	253,802
Scholarships	54,025	69,163
Florida Prepaid Scholarships Utilized, Net of Value Adjustment	55,689	253,902
General and Administrative	316,266	323,838
Fundraising	34,877	52,057
<b>Total Expenses</b>	<u>1,824,204</u>	<u>1,947,813</u>
<b>Net Operating Income</b>	<u>164,843</u>	<u>(236,859)</u>
<b>Non-Operating Income (Expense)</b>		
Investment Income	22,449	52,960
<b>Total Non-Operating Income (Expense)</b>	<u>22,449</u>	<u>52,960</u>
<b>Change in Net Position</b>	187,292	(183,899)
<b>Net Position at Beginning of Year</b>	<u>3,085,339</u>	<u>3,269,238</u>
<b>Net Position at End of Year</b>	<u>\$ 3,272,631</u>	<u>\$ 3,085,339</u>

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2020 AND 2019**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Donors	\$ 993,248	\$ 1,716,619
Cash Paid to Suppliers and Others	(706,740)	(1,171,600)
Cash Paid for Scholarships, Awards, and Grants	<u>(358,818)</u>	<u>(352,090)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(72,310)</u>	<u>192,929</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and Construction of Capital Assets	(7,844)	-
Notes Payable Payments	-	(3,034)
<b>Net Cash Used in Financing Activities</b>	<u>(7,844)</u>	<u>(3,034)</u>
<b>Cash Flows from Investing Activities</b>		
Cash Received for Interest and Dividends	22,449	52,960
Cash Received from Sale of Investments	162,775	(657,239)
Cash Paid for Purchases of Investments	<u>(168,802)</u>	<u>600,816</u>
<b>Net Cash Used in Investing Activities</b>	<u>16,422</u>	<u>(3,463)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(63,732)	186,432
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>449,617</u>	<u>263,185</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 385,885</u>	<u>\$ 449,617</u>
<b>Reconciliation of Operating Income to Net Cash Used in (Provided by) Operating Activities</b>		
Operating Income	\$ 164,843	\$ (236,859)
Adjustments to Reconcile Operating Income to Net Cash Used in (Provided by) Operating Activities:		
Depreciation and Amortization	7,130	8,347
Decrease (Increase) in:		
Accounts Receivable	1,446	7,258
Prepaid Expenses and Other Current Assets	33,878	3,949
Inventory	(14,311)	96,347
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(7,062)	2,671
Interest in Beneficial Trust	(414)	(1,593)
Funds Held on Behalf of Others	(304,221)	260,789
Redemption Value of Assets Held by Others	46,401	52,020
Total Adjustments	<u>(237,153)</u>	<u>429,788</u>
<b>Net Cash Used in (Provided by) Operating Activities</b>	<u>\$ (72,310)</u>	<u>\$ 192,929</u>
<b>Non-Cash Transactions</b>		
In-Kind Contributions from Marion County Public Schools	\$ 189,676	\$ 144,120
Donations of Supplies for Tools 4 Teaching	807,155	660,039

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies and practices of the Public Education Foundation of Marion County Inc. (the Foundation) which affect the accompanying financial statements:

**Organization**

The Foundation is a Florida corporation, not-for-profit, incorporated under the provisions of Chapter 617, Florida Statutes in August 1988. The Foundation is a district school board direct-support organization created by the authority of Section 237.40, Florida Statutes. The Foundation is considered a component unit of the Marion County District School Board (the School Board). It is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures, to or for the benefit of, public pre-kindergarten through twelfth grade education and adult vocational and community education programs in Marion County, Florida. The Foundation's Board of Directors is comprised of volunteers whose selection is approved by the the School Board. The major sources of revenue are Coupons for Education, Take Stock in Children, and direct support from the School Board.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Foundation's financial activity is accounted for in a single fund, which contains restricted and unrestricted components.

The Foundation's operating account includes unrestricted and restricted resources, representing the portion of expendable and non-expendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

**Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

The Foundation files income tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Foundation is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities after three years from the due date of the tax return. The Foundation is not aware of

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income or excise taxes.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable consisted of grant funds receivable and employee payroll contributions from the School Board. Management anticipates subsequent receipt of all of these funds; therefore, no allowance amount was recorded.

**Inventory**

Inventory consists of donated supplies used for program services specified by the donor. Contributions of inventory are stated at fair value. The Foundation receives and distributes contributions for the Tools 4 Teaching program to assist teachers with classroom supplies.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of net position. Unrealized gains and losses are included in the statements of revenues, expenses, and changes in net position.

**Capital Assets**

The Foundation follows the practice of capitalizing at cost all expenditures for equipment in excess of \$500. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets.

**Net Position**

The Foundation's net position is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is non-capital net assets that must be used for a particular purpose, as specified by grantors or contributors external to the Foundation. Unrestricted net position is remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted net assets.

**Revenue Recognition**

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as with donor restrictions contributions and support and increases in the respective class of net positions. Contributions received with restrictions that are met in the same reporting period are reported as without donor restricted support and increase net positions without donor restriction.

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Classification of Revenues**

The Foundation classifies its revenues as operating or non-operating. Operating revenues include the primary activities of contributions from donors, program revenues, and special events. Non-operating revenues include revenues primarily from investment income.

**In-Kind Contributions**

Contributions of services and donated items, which are provided to the Foundation, have been recorded in the accompanying financial statements. These contributions are recorded at their estimated fair values at date of receipt. The difference between the fair value and rent paid for office space during fiscal years 2020 and 2019, is also recorded in the accompanying financial statements. In-kind contributions, exclusive of direct support received from the School Board (see Note 7) total \$807,155 and \$660,039 for the years ended June 30, 2020 and 2019, respectively. Volunteer services provided during events held by the Foundation do not meet the criterion used to record donated services and have not been recorded in the financial statements.

In circumstances in which the Foundation distributes gifts in-kind as part of its programs, it reports an expense, which is reported in the program in which the gifts in-kind were used. Although it is the Foundation's practice to distribute gifts in-kind as promptly as possible, the Foundation does hold some gifts in-kind at year-end for the Tools 4 Teaching program for teachers to shop for learning materials. Undistributed gifts in-kind at year-end are reported as inventory. Inventory is valued at the lower of cost or fair value (cost is determined as fair value at the date of gift plus any costs incurred).

**Advertising Costs**

The Foundation's general policy is to expense advertising costs as incurred. Advertising expense for the years ended June 30, 2020 and 2019, was \$1,014 and \$1,606, respectively.

**Accounting Estimates**

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

**Subsequent Events**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 3, 2020, the date the financial statements were available to be issued.

**COVID-19**

During the year, the COVID-19 pandemic has created economic disruptions throughout the country resulting in significant declines in the financial markets and economic activity overall. Special events that were scheduled to occur after March 2020 were canceled during the pandemic. The ultimate effects of these items are expected to be significant but are not quantifiable at this time.

**Change in Reporting**

The Foundation's Board of Directors are subject to approval of a controlling majority of the members of the governing board, which subjects the Foundation to the accounting standards promulgated by the

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

GASB. In the prior year the Foundation reported in conformity with Financial Accounting Standards Board but for the year ended June 30, 2020, the Foundation is now reporting in conformity with GASB. Below is a list of the primary changes from the prior year:

- Net Assets With and Without Donor Restrictions have been reclassified to meet GASB reporting to include Unrestricted Net Position, Net Investment in Capital Assets, and Restricted Net Position.
- A Management Discussion and Analysis, which is required supplementary information, has been added.
- Some changes to financial disclosures have been updated for terminology and other GASB related disclosures.

The changes have the following effect on net assets at June 30, 2019:

	<u>As Originally Presented</u>	<u>Updated for GASB Presentation</u>
<b>Net Position</b>		
Unrestricted	\$ -	\$ 469,632
Net Investment in Capital Assets	-	7,872
Restricted:		
Tools 4 Teaching	-	335,208
Scholarships	-	2,164,179
Non-Spendable Endowments	-	108,448
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ 3,085,339</u>
<b>Net Asset Class</b>		
Net Assets without Donor Restrictions	\$ 477,504	\$ -
Net Assets with Donor Restrictions	2,607,835	-
<b>Total Net Assets</b>	<u>\$ 3,085,339</u>	<u>\$ -</u>

**Note 2 - Assets Held by Others**

**Take Stock in Children Scholarship Program Overview**

The Foundation, through its donors for the Take Stock in Children program, purchases two-year scholarship contracts from the Florida Prepaid College Foundation. The State of Florida through the Florida Prepaid College Foundation matches, dollar for dollar, the cost of these scholarship contracts purchases and holds the full value of the scholarship contracts, including changes in the scholarship contracts' contract value, on behalf of the Foundation.

The Foundation exercises control over these scholarship contracts by selecting students from Marion County Public Schools to participate in the Marion Take Stock in Children program. Upon completion of the program and graduation from high school, the full contract value of these scholarship contracts are provided to the students for their college education. Any unused scholarships may be reinvested in new scholarship contracts to be provided to new students or existing students.

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Beginning Contract Value</b>	\$ 1,964,614	\$ 2,016,634
Purchases by Foundation	79,465	100,941
Matching Contributions by the Florida Prepaid College Foundation	79,465	100,941
Refund from Florida Prepaid Florida Prepaid Scholarships Utilized, Net of Value Adjustment	(149,643)	-
	<u>(55,688)</u>	<u>(253,902)</u>
<b>Ending Contract Value</b>	<u>\$ 1,918,213</u>	<u>\$ 1,964,614</u>

**Contract Value**

The Foundation has reported the current value of the scholarship contracts based on information provided by the Florida Prepaid College Foundation, which values the scholarship contracts based on available hours on the contract and the average rates paid to Florida universities and colleges.

**Florida Prepaid Scholarships Utilized, Net of Value Adjustment**

The Foundation has reported the Florida Prepaid Scholarships Utilized, Net of Value Adjustment based on information provided by the Florida Prepaid College Foundation. This component consists of changes in the value of the scholarship related to the scholarships usage by students, as well as changes in the value of the scholarship contracts as a result of changes in tuition costs at Florida universities and colleges.

**Note 3 - Accounts Receivable**

**Take Stock in Children**

The Foundation receives quarterly grant installments from the Take Stock in Children Foundation, Inc. for the reimbursement of employee salaries and payroll expenses and allowable program operational expenses in the Marion County Take Stock in Children program. As of June 30, 2020 and 2019, accounts receivable of \$43,910 and \$40,063, respectively, have been recorded for quarterly grant installments unpaid as of these dates. No allowance for uncollectible receivables related to these amounts has been recorded, as these amounts are expected to be collected in the ordinary course of business within a year.

**Employee Payroll Contributions from the School Board**

The School Board submits payments to the Foundation for School Board employee payroll contributions periodically. As of June 30, 2020 and 2019, accounts receivable of \$13,061 and \$13,204, respectively, have been recorded for School Board employee payroll contributions. No allowance for uncollectible receivables related to these amounts has been recorded, as these amounts are expected to be collected in the ordinary course of business within a year.

**Other Receivables**

As of June 30, 2020 and 2019, the Foundation reported other receivables, primarily donations receivable from local business, of \$0 and \$5,490, respectively. Amounts deemed uncollectible were written off during the year and no allowance for uncollectible receivables related to the amounts of receivable reported, as these amounts are expected to be collected in the ordinary course of business within a year.



**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Note 4 - Investments**

GASB Statement No. 72, *Fair Value Measurement and Application*, provided the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

**Level 1**—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**Level 2**—Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3**—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. There have been no changes in the methodologies used at June 30, 2020. The valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Foundation's investments in securities and investment funds are reported by investment type at fair value in the composition of investments below:

<b>Measurement Endowment Investments</b>	<b>Maturities (Years)</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Fair Value Level</b>
Investments:				
Fixed Income	6.92	B-AA	\$ 47,009	1
US and International Equities	N/A	N/A	89,272	1
Cash and Cash Equivalents	N/A	N/A	<u>2,381</u>	N/A
<b>Total Endowment Investments</b>			<u>138,662</u>	

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

<u>Measurement</u> <u>Non-Endowment Investments</u>	<u>Maturities</u> <u>(Years)</u>	<u>Credit</u> <u>Rating</u>	<u>Fair Value</u>	<u>Fair Value</u> <u>Level</u>
Investments:				
Fixed Income	6.60	B-AA	142,434	1
US and International Equities	N/A	N/A	263,218	1
Cash and Cash Equivalents	N/A	N/A	<u>8,555</u>	N/A
<b>Total Non-Endowment Investments</b>			<u>414,207</u>	
<b>Total Investments</b>			<u>\$ 552,869</u>	

GASB Statement No. 40 establishes disclosure requirements related to the following types of investment risks:

**Credit Risk**—Credit risk relates to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit for debt securities of the Foundation are presented in the schedule above. Investment ratings are from Moody’s Investor Services, Inc., Standard & Poor’s, and Fitch.

**Interest Rate Risk**—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The weighted average maturities are presented in the schedule above.

**Note 5 - Capital Assets**

Capital assets consists of the following at June 30, 2020:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u> <u>Balance</u>
Furniture and Equipment	\$ 16,402	\$ 7,844	\$ (13,430)	\$ 10,816
Vehicle	25,150	-	-	25,150
Less: Accumulated Depreciation	<u>(33,680)</u>	<u>(7,130)</u>	<u>13,430</u>	<u>(27,380)</u>
	<u>\$ 7,872</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 8,586</u>

Capital assets consists of the following at June 30, 2019:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u> <u>Balance</u>
Furniture and Equipment	\$ 16,402	\$ -	\$ -	\$ 16,402
Vehicle	25,150	-	-	25,150
Less: Accumulated Depreciation	<u>(25,333)</u>	<u>(8,347)</u>	<u>-</u>	<u>(33,680)</u>
	<u>\$ 16,219</u>	<u>\$ (8,347)</u>	<u>\$ -</u>	<u>\$ 7,872</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019, is \$7,130 and \$8,347, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Note 6 - Net Position**

Net positions at June 30, 2020 and 2019, are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
<b>Unrestricted</b>		
Invested in Property, Plant and Equipment	\$ 8,586	\$ 7,872
Undesignated	<u>670,181</u>	<u>469,632</u>
<b>Total Unrestricted</b>	<u>\$ 678,767</u>	<u>\$ 477,504</u>
<b>Restricted</b>		
<b>Tools 4 Teaching</b>	<u>2020</u>	<u>2019</u>
Total Inventory for Tools 4 Teaching	<u>\$ 349,519</u>	<u>\$ 335,208</u>
<b>Total Tools 4 Teaching</b>	<u>\$ 349,519</u>	<u>\$ 335,208</u>
<b>Non-Spendable Endowments</b>	<u>2020</u>	<u>2019</u>
Marion County Medical Society	\$ 44,719	\$ 44,619
Student Media Festival Endowment	25,000	25,000
The Margaret "Peggie" Anderson Endowment	20,049	20,049
Fort McCoy Alumni Scholarship	10,000	10,000
Westport High School Music Scholarship Endowment	4,750	4,750
Isaac Neeley Endowment	<u>4,030</u>	<u>4,030</u>
<b>Total Non-Spendable Endowments</b>	<u>\$ 108,548</u>	<u>\$ 108,448</u>
<b>Scholarships - Restricted</b>	<u>2020</u>	<u>2019</u>
Florida Prepaid Scholarships	\$ 1,918,212	\$ 1,964,614
Teacher to Be	48,003	49,003
The Margaret "Peggie" Anderson Scholarship Fund	34,502	33,115
Unspent Earnings on Endowments	30,114	26,599
Colt Alumni Winners Circle	19,141	*
Joshua Rossignol Memorial Scholarship	17,184	17,187
Jim and Joanne Yancey Scholarship Fund	14,468	10,968
Marion County Medical Society	14,244	14,244
Walter William Wade Memorial	12,500	13,500
Others Whose Balance is less than \$2,500	9,052	15,875
Engage in Education	5,499	5,499
Fred Smiley Scholarship Fund	4,326	4,126
Publix Vo-Tech	3,125	3,125
Retirement Celebration	2,769	2,767
Niko Malidelis	2,658	*
Fort McCoy Alumni Scholarship	*	3,557
<b>Total Scholarships/Spendable Endowments</b>	<u>\$ 2,135,797</u>	<u>\$ 2,164,179</u>

\* Balance was below \$2,500

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Note 7 - Direct-Support Received from the School Board**

The School Board is authorized under Section 237.40, Florida Statutes, to provide or permit use of property, facilities, and personal services of the School Board by a direct-support organization. At June 30, the School Board provided direct-support to the Foundation as follows:

	<u>2020</u>	<u>2019</u>
<b>Salaries and Benefits</b>		
Executive Director	\$ 77,870	\$ 76,068
Administrative Staff	88,982	45,228
Facilities	<u>22,824</u>	<u>22,824</u>
<b>Total Direct-Support Received</b>	<u>\$ 189,676</u>	<u>\$ 144,120</u>

Additionally, the School Board provides use of equipment and information services support. A value for the use of equipment and information services support has not been established and is not included in the accompanying financial statements.

**Note 8 - Operating Leases**

The Foundation moved its office to the Thelma Parker Center in June 2008. The office space is provided without charge to the Foundation by the School Board. An estimate of the fair market value of the space provided has been included (see Note 7).

**Note 9 - Concentration of Credit Risk**

**Demand Deposits**

The Foundation maintains demand deposit accounts with a national bank in which funds are insured by the Federal Deposit Insurance Corporation (FDIC) limits. At times throughout the year, the funds held in these accounts may exceed FDIC limits.

**Revenue**

The Foundation receives a significant amount of its support from the School Board and the School Board employees. A significant reduction in the level of this support, if this were to occur, may have an effect on the Foundation's programs and activities.

**Note 10 - Endowments**

The Foundation's endowments consist of six (6) donor-restricted funds. As required by U.S. GAAP, net positions associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Endowment Spending and Investment Policy**

The Foundation has adopted investment policies, approved by the Board of Directors, that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term and growth of the fund

**NOTES TO FINANCIAL STATEMENTS  
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.  
OCALA, FLORIDA**

corpus. The Foundation’s investment policies were designed to achieve this objective. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified period(s), as well as Board-designated funds.

The Foundation recognizes that the strategic allocation of portfolio assets across broadly defined financial assets and sub asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and portfolio asset value stability.

The Foundation expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Foundation wishes to retain flexibility with respect to making periodic changes to the portfolio’s asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying Foundation spending policies, and/or the capital markets and assets classes in which the portfolio exists.

Foundation assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of the Foundation equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments.

**Note 11 - Retirement Plan**

In 2016 the Foundation instituted a Simple IRA plan (the Plan) for all eligible employees. The Foundation makes a matching contribution of 3% of the participating employee’s salary to the Plan. As of June 30, 2020 and 2019, the Foundation contributed \$1,024 and \$3,381, respectively, to the Plan.

**Note 12 - Interest in Beneficial Trust**

Amount reported in the statements of net position as Interest in Beneficial Trust at current market value. The balance is from cumulative transfers by the Foundation to the Community Foundation of Ocala Marion County and related earnings. The Community Foundation of Ocala Marion County holds and invests the funds on behalf of the Foundation in an Endowment Fund for the benefit of the Foundation. Funds are to be distributed to the Foundation at their request.

	<u>2020</u>	<u>2019</u>
<b>Interest in Beneficial Trust</b>		
Amount Transferred by the Foundation	\$ 6,449	\$ 6,449
Income Earned	<u>2,007</u>	<u>1,593</u>
<b>Total Interest in Beneficial Trust</b>	<u>\$ 8,456</u>	<u>\$ 8,042</u>

**NOTES TO FINANCIAL STATEMENTS**  
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.**  
**OCALA, FLORIDA**

**Note 13 - Funds Held on Behalf of Others**

The liability account "Funds Held on Behalf of Others" represent funds received by the Foundation on behalf of others. The Foundation's policy is to recognize the funds in cash and an offsetting liability until the funds are distributed to the ultimate beneficiary, at which time the asset and liability are removed from the Foundation's books.

**Note 14 - Related-Party Transaction**

The School Board provides property, facilities, and personal services to the Foundation as described in Note 7. Several Board members are also employed by the School Board.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

**INDEPENDENT AUDITOR'S 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  
Public Education Foundation of Marion County, Inc.  
Ocala, 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 Public Education Foundation of Marion County, Inc. (the Foundation) a non-profit organization, which comprises the statement of net position as of the year ended June 30, 2020, the related statements of activities functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 3, 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 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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. However, material weaknesses may exist that have not been identified.

**CERTIFIED PUBLIC ACCOUNTANTS**

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To the Board of Directors  
Public Education Foundation of Marion County, Inc.  
Ocala, Florida

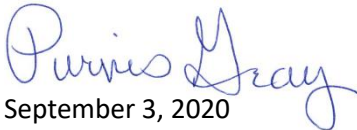
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 with the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 3, 2020  
Ocala, Florida