

**DESOTO COUNTY  
EDUCATION FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
DeSoto County Education Foundation, Inc.  
Arcadia, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the DeSoto County Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

DeSoto County Education Foundation, Inc. (continued)

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the DeSoto County Education Foundation, Inc. as of June 30, 2021, 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.

***Emphasis of Matter***

As discussed in Note 6 to the financial statements, the Foundation changed its financial statement reporting framework from the Governmental Accounting Standards Board for governments to the not-for-profit framework under the Financial Accounting Standards Board. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of DeSoto County Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of DeSoto County Education Foundation, Inc.'s 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 DeSoto County Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Wicks, Brown, Williams & Co., CPA's LLP*

Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

November 10, 2021

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

**ASSETS**

Cash and cash equivalents	\$ 566,075
<b>Total Assets</b>	<u><u>\$ 566,075</u></u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>	<u>\$ -</u>
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**Net Assets:**

Without donor restrictions	66,494
With donor restrictions	499,581
<b>Total Net Assets</b>	<u>566,075</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 566,075</u></u>

The accompanying notes are an integral part of the financial statements.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Support and Revenue:</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Contributions	\$ 33,258	\$ 150,373	\$ 183,631
Grant revenue	-	19,230	19,230
Event and recognition support	-	5,909	5,909
Interest income	2,496	-	2,496
Net assets released from restrictions:			
Restrictions satisfied by payment	50,619	(50,619)	-
<b>Total Support and Revenue</b>	<b>86,373</b>	<b>124,893</b>	<b>211,266</b>
<b>Expenses:</b>			
Program services	73,851	-	73,851
<b>Total Program Services</b>	<b>73,851</b>	<b>-</b>	<b>73,851</b>
General and administrative	13,091	-	13,091
<b>Total Expenses</b>	<b>86,942</b>	<b>-</b>	<b>86,942</b>
<b>Change in Net Assets</b>	<b>(569)</b>	<b>124,893</b>	<b>124,324</b>
<b>Net Assets, July 1, 2020</b>	<b>67,063</b>	<b>374,688</b>	<b>441,751</b>
<b>Net Assets, June 30, 2021</b>	<b>\$ 66,494</b>	<b>\$ 499,581</b>	<b>\$ 566,075</b>

The accompanying notes are an integral part of the financial statements.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Total Expenses</b>
Scholarships	\$ 26,445	\$ -	\$ 26,445
Donations to schools	31,082	-	31,082
STEM grants	5,594	-	5,594
Employee of year event	4,730	-	4,730
Conferences and meetings	-	56	56
Licenses	-	61	61
Marketing and promotions	-	214	214
Membership dues	-	675	675
Miscellaneous	-	408	408
Professional fees	6,000	11,500	17,500
Supplies	-	177	177
<b>Total Functional Expenses</b>	<b>\$ 73,851</b>	<b>\$ 13,091</b>	<b>\$ 86,942</b>

The accompanying notes are an integral part of the financial statements.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Cash Flows from Operating Activities:</b>	
Cash received from contributions, grants, and fees	\$ 208,770
Cash received from interest	2,496
Cash payments to scholarship recipients	(26,445)
Cash payments to suppliers for good and services	(60,497)
<b>Net Cash Provided by Operating Activities</b>	124,324
Net Increase in Cash	124,324
Cash and cash equivalents - July 1, 2020	441,751
Cash and cash equivalents - June 30, 2021	\$ 566,075

**Reconciliation of Change in Net Assets  
to Net Cash Provided by Operating Activities:**

Change in Net Assets	\$ 124,324
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
<b>Net Cash Provided by Operating Activities</b>	\$ 124,324

The accompanying notes are an integral part of the financial statements.



**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ORGANIZATION:**

The DeSoto County Education Foundation, Inc. (“Foundation”), a not-for-profit corporation, was established on May 19, 1997. Its purpose is to focus the private sector upon enhancing the quality of and support for public education. The Foundation provides scholarships to DeSoto County school students. In addition, through school and classroom enrichment grants, the Foundation provides funding for schools and teachers to increase their capacity to deliver effective and innovative instructional strategies that enhance and expand student learning.

**SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting:** The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America, and accordingly are prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Also, federal, state, and local grants or contracts are recorded as revenue when performance occurs under the terms of the grant or contract agreement.

**Financial Statement Presentation:** The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- **Without donor restrictions** – Net assets available for use in general operations and not subject to donor-imposed or grantor restrictions, including, if applicable, net assets that have been designated by the Board of Directors for expenditure on specific purposes or projects.
- **With donor restrictions** – Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature; such as those that will be met by the passage of time and/or actions of the Foundation. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the Foundation is permitted to use or expend part or all of the income and gains derived from the donated assets. Donor restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

The statement of activities presents the changes in net assets of the Foundation for the two fund types while demonstrating activity within various classifications of revenue and expenditures by program.

**Cash and Cash Equivalents:** For the purposes of the statement of cash flows, the Foundation considers cash and cash equivalents to be cash on hand, cash in banks, and all highly liquid investments with an initial maturity of three months or less when acquired, including restricted cash. The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those financial instruments.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions:** All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets “with donor restrictions” in the statement of activities in the fiscal year in which the donor makes the contribution.

When a restriction expires or is satisfied, the related assets are reclassified from net assets “with donor restrictions” to net assets “without donor restrictions” in the statement of activities. Non-cash donations are recorded at fair value at the date of donation.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes:**

DeSoto County Education Foundation, Inc. is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and, has been classified as an organization other than a private foundation.

**Functional Allocation of Expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to program and supporting services.

**Subsequent Events:** Subsequent events have been evaluated through November 10, 2021, the date on which the financial statements were available to be issued.

**NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2021, net assets with donor restrictions are available for the following purposes:

Scholarships	\$ 393,472
Grants / Projects	104,930
Event and recognition support	1,179
Total net assets with donor restrictions	<u>\$ 499,581</u>

**NOTE 3 – SCHOLARSHIP COMMITMENTS**

At June 30, 2021, the Foundation has awarded but not paid \$63,900 of scholarships. These funds are available as net assets with donor restrictions at year-end. These amounts will be recorded as expenses at the time the student provides the required documentation for the payment of the award.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 4 – LIQUIDITY AND AVAILABILITY**

Financial assets consist of the Foundation’s cash and cash equivalents. The following represents the Foundation’s financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of June 30, 2021:

Financial assets as of June 30, 2021	\$ 566,075
Less those unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(499,581)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 66,494</u></u>

**NOTE 5 – CONCENTRATIONS OF CREDIT RISK**

The Foundation has concentrated credit risk for cash by maintaining deposits in a single financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC), which is \$250,000. As of June 30, 2021, the Foundation’s uninsured cash balances totaled \$329,139. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks to cash.

**NOTE 6 – CHANGE IN REPORTING FRAMEWORK**

In prior years, the Foundation was considered a component unit of the District School Board of DeSoto County (School District) and used enterprise fund accounting under the Governmental Accounting Standards Board and for financial reporting purposes, the Foundation was presented as a stand-alone enterprise fund. Currently the Foundation does not meet the criteria to be considered a component unit of the School District; therefore, the Foundation changed its reporting framework to follow the not-for-profit reporting model under the Financial Accounting Standards Board. Effective July 1, 2020, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Implementation of ASU 2016-14 did not require reclassifications or restatement of any opening balances related to the period presented. The Foundation’s net assets previously reported as net position - restricted are now reported as net assets with donor restrictions. Likewise, the Foundation’s net assets previously reported as net position - unrestricted are now reported as net assets without donor restrictions.

**NOTE 7 – NEWLY ADOPTED ACCOUNTING STANDARDS**

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Foundation adopted ASU 2014-09 effective July 1, 2020, using the modified retrospective transition method. The adoption of ASU 2014-09, as amended, did not have a material impact on the recognition of revenue.

**DESOTO COUNTY EDUCATION FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 7 – NEWLY ADOPTED ACCOUNTING STANDARDS (continued)**

In 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in evaluating whether transaction should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and in determining whether a contribution is conditional. The Foundation adopted ASU 2018-08 effective July 1, 2020, using the modified prospective approach. The adoption of ASU 2018-08 did not materially affect the financial statements.

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## 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*

Board of Directors  
DeSoto County Education Foundation, Inc.

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 DeSoto County Education Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto County Education Foundation's internal control over financial reporting (internal control) as a basis for designing 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 DeSoto County Education Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto County Education 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.

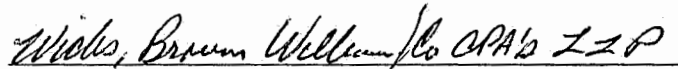
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 DeSoto County Education Foundation Inc.'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 financial statements. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

November 10, 2021