



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

A Component Unit of the Escambia County District School Board

Financial Statements

June 30, 2021



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Escambia County Public Schools Foundation for Excellence, Inc. (a nonprofit organization and a component unit of the Escambia County School District), which comprise the statement of Financial Position as of June 30, 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Escambia County Public Schools Foundation for Excellence, Inc. as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 2 to the financial statements, in 2020, the Foundation adopted new accounting guidance, Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. 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 October 25, 2021 on our consideration of The Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Escambia County Public Schools Foundation for Excellence, Inc.'s internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
October 25, 2021

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

<i>June 30,</i>	2021
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Assets	
Cash	\$ 302,088
Certificates of deposit	722,859
Accounts receivable	33,027
Property and equipment, net	149
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Total assets	\$ 1,058,123
<hr/>	
Liabilities and Net Assets	
Accounts payable	\$ -
<hr/>	
Net assets	
Without donor restrictions	257,530
With donor restrictions	800,593
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Total net assets	1,058,123
<hr/>	
Total liabilities and net assets	\$ 1,058,123
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The accompanying notes are an integral part of these financial statements.

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

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants	\$ 646,756	\$ 110,982	\$ 757,738
In-kind support	71,397	-	71,397
Event and other support income	93,625	-	93,625
Interest income	5,025	-	5,025
Net assets released from restrictions	37,504	(37,504)	-
Total revenue and other support	854,307	73,478	927,785
Expenses			
<i>Program services</i>			
Educational grants	111,181	-	111,181
School enrichment	124,804	-	124,804
Take Stock In Children (TSIC)	321,450	-	321,450
Educational enhancements	109,646	-	109,646
Total program services	667,081	-	667,081
<i>Supporting services</i>			
General and administrative	142,577	-	142,577
Total expenses	809,658	-	809,658
Change in Net Assets	44,649	73,478	118,127
Net assets at beginning of year	212,881	727,115	939,996
Net assets at end of year	\$ 257,530	\$ 800,593	\$ 1,058,123

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

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

<i>For the year ended June 30, 2021</i>	Program Services					Supporting Services	
	Educational Grants	School Enrichment	Take Stock in Children	Educational Enhancements	Programs subtotal	Management and General	Total
Donated payroll and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,395	\$ 53,395
Payroll and benefits	-	-	-	-	-	39,945	39,945
Contract labor	-	-	114,024	-	114,024	6,425	120,449
Grants	111,181	-	-	-	111,181	-	111,181
Professional fees	-	-	-	-	-	9,250	9,250
Direct teacher/student support	-	124,804	-	109,646	234,450	-	234,450
Insurance	-	-	-	-	-	1,860	1,860
Memberships	-	-	-	-	-	3,300	3,300
Rent and utilities - In-kind support	-	-	-	-	-	14,002	14,002
Scholarships	-	-	207,426	-	207,426	-	207,426
Supplies	-	-	-	-	-	3,415	3,415
Travel	-	-	-	-	-	765	765
Other	-	-	-	-	-	10,220	10,220
Total	\$ 111,181	\$ 124,804	\$ 321,450	\$ 109,646	\$ 667,081	\$ 142,577	\$ 809,658

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

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

<i>For the year ended June 30,</i>	2021
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Cash Flows from Operating activities	
Change in net assets	\$ 118,127
Change in operating assets and liabilities:	
Accounts receivable	(6,945)
Prepaid expenses	1,650
Promises to give	1,000
Accounts payable	(3,892)
<hr/>	
Net cash provided by operating activities	109,940
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Investing activities	
Purchases of certificates of deposit	(236,038)
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Net cash provided (used) by investing activities	(236,038)
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Net increase (decrease) in cash	(126,098)
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Cash at beginning of year	428,186
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Cash at end of year	\$ 302,088
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The accompanying notes are an integral part of these financial statements.

The Escambia County Public Schools Foundation for Excellence, Inc.

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2021, the Foundation considers all receivables fully collectable.

Promises to Give

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

Property and Equipment

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

Furniture and equipment	5 - 7 years
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Net Assets

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Program service fees and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers (ASC 606)*, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Foundation recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

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

The majority of the Foundation's revenue consists of contributions, grants, event and other support and donated services or assets. These revenue sources are not subject to ASC Topic 606.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. During the year ended June 30, 2021, no donated equipment or supplies were received.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Foundation receives donated wages, rent, and other services from the Escambia County School District. During the year ended June 30, 2021, the value of services totaled \$71,397.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. When applicable, expenses that benefit more than one program or supporting function are allocated to the various programs and functions based on the percentage of benefit to each program. For the year ended June 30, 2021, management did not allocate any donated payroll or benefits to program services.

Fees for Restricted Accounts

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

Income Taxes

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

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2021, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Foundation believes it is no longer subject to income tax examinations for years prior to 2017.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 25, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This

ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Effective July 1, 2020, the Foundation adopted ASC Topic 606, using the full retrospective method which required the Foundation to restate each prior reporting year presented. The new guidance has no significant impact on the revenue recognized on contracts in the prior year; therefore, no adjustment to opening net assets has been reported. Adoption of the accounting standard did not have a material impact on the financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

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

<i>June 30,</i>	2021
Financial assets, at year-end	\$ 1,057,974
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(800,593)
Financial assets available to meet cash needs for general expenditures	\$ 257,381

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

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

Note 4: CERTIFICATES OF DEPOSIT

At June 30, 2021, the Foundation had \$722,859 of monies in six certificates of deposit at local financial institutions. These certificates are reported at amortized cost. Terms of these investments range from nine months to three years, maturing July 2021 through June 2023, with interest earned at rates of .25% to 1.20%.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2021
Grants	\$ 33,027
Accounts receivable	\$ 33,027

Note 6: AVAILABLE CREDIT

The Foundation has a credit card through a local bank with a limit of \$10,000. As of June 30, 2021, the Foundation had no outstanding balance on the credit card.

Note 7: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2021
Undesignated	\$ 257,530
Net assets without donor restrictions	\$ 257,530

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

Note 7: NET ASSETS (Continued)

A summary of net assets with donor purpose restrictions follows:

<i>June 30,</i>	2021
<i>Purpose restricted</i>	
Programs	
Take Stock in Children	\$ 218,029
Professional Learning Workshops	45,227
Grants for Excellence	25,000
Laptop Computers	33,994
Workforce - ECE Academies	14,106
Scholarship	10,882
Workforce Fire Fighters - PFHS	9,724
Social Studies	7,611
Quintessential Training	6,001
Wendy's Golden Apple Academy	5,757
Workforce Criminal Justice - EHS	5,221
Athletics	5,196
Fishbein Foundation Scholarship	5,093
Others (Less than \$5,000 individually)	64,528
Total Programs	456,369
Schools	
3 year-old Pre-K	97,929
WFHS Cox and GP Academics	36,406
Superintendent's Circle	17,925
Scenic Heights Main Acct	12,860
United Way	11,399
Cordova Park Elementary School	11,157
Roy Hyatt Environmental Services	10,873
Global Learning Main	9,902
Workman Orchestra	8,207
Reg Sci & Engr Fair	7,919
Cook Elementary Main Acct	7,773
Technology	6,725
WHS Tennis	6,404
Brown-Barge Main Acct	5,787
Title I	5,721
Escambia Virtual	5,439
Montclair Elementary School	5,157
Others (Less than \$5,000 individually)	76,641
Total Schools	344,224
Net assets with donor restrictions	\$ 800,593

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

Note 8: CONCENTRATIONS

The Foundation maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC), which provides coverage up to \$250,000 per bank. At times, cash balances may exceed the balance insured by the FDIC.

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

SUPPLEMENTARY INFORMATION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Escambia County Public Schools Foundation for Excellence, Inc. ("the Foundation"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2021.

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) 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we identified a deficiency in internal control, described in the accompanying schedule of internal control findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Foundation's Response to Findings

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of internal control findings. The Foundation's response was not subject 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

October 25, 2021

**The Escambia County Public Schools Foundation for Excellence, Inc.
Schedule of Internal Control Findings**

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2021-001	MW	Revenue and Expense Recognition for Restricted Activities	As part of the financial close process, certain errors were made in reporting deferred revenues, revenues, and expenses associated with restricted programs. The amounts were originally recorded directly in equity accounts or were improperly deferred. The Foundation's closing entry errors caused contributions, grant revenues, deferred revenues, and related program expense accounts to be materially misstated.	We recommend the Foundation continue building internal control measures to reduce the risk of errors in recording revenues and expenses that originate in equity accounts. In addition, we recommend the Foundation continue building internal control measures to reduce the risk of accounting errors relating to revenue recognition.	We are adding increased oversight with the addition of an accountant with not-for-profit experience to the Board which we anticipate will help reduce the amount and frequency of year-end audit adjustments.