



our education foundation

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Johns County Education Foundation, Inc. D/B/A INK!
St. Augustine, Florida

We have audited the accompanying financial statements of the St. Johns County Education Foundation, Inc. D/B/A INK! ("Investing in Kids" a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 St. Johns County Education Foundation, Inc. D/B/A INK! as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021, on our consideration of the Investing in Kids' 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 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 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 Investing in Kids' internal control over financial reporting and compliance.

St. Augustine, Florida
August 13, 2021

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	ASSETS	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,045,322	\$ 847,699
Unconditional promises to give	-	12,500
Grants and contracts receivable	25,726	33,447
Prepaid expenses and other assets	14,715	4,116
Scholarship contracts	<u>1,091,105</u>	<u>1,038,352</u>
TOTAL ASSETS	<u><u>\$ 2,176,868</u></u>	<u><u>\$ 1,936,114</u></u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	\$ 15,162	\$ 17,836
Accrued payroll and other liabilities	77,653	37,313
Due to St. Johns County School District	18	15
Paycheck Protection Program loan	<u>61,288</u>	<u>65,300</u>
Total Liabilities	<u>154,121</u>	<u>120,464</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	905,203	766,292
NET ASSETS WITH DONOR RESTRICTIONS	<u>1,117,544</u>	<u>1,049,358</u>
Total Net Assets	<u>2,022,747</u>	<u>1,815,650</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,176,868</u></u>	<u><u>\$ 1,936,114</u></u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 745,050	\$ -	\$ 745,050
Net investment income	2,598	-	2,598
Grants	-	170,713	170,713
Other income	5,610	-	5,610
Special events	116,754	-	116,754
Paycheck Protection Program loan forgiveness	<u>65,300</u>	<u>-</u>	<u>65,300</u>
Total revenues	<u>935,312</u>	<u>170,713</u>	<u>\$ 1,106,025</u>
Net assets released from restrictions	<u>102,527</u>	<u>(102,527)</u>	<u>-</u>
Total revenues and support	<u>1,037,839</u>	<u>68,186</u>	<u>1,106,025</u>
EXPENSES			
Program expenses	739,039	-	739,039
Supporting services:			
General and administrative	108,137	-	108,137
Fundraising	<u>51,752</u>	<u>-</u>	<u>51,752</u>
Total expenses	<u>898,928</u>	<u>-</u>	<u>898,928</u>
CHANGE IN NET ASSETS	138,911	68,186	207,097
NET ASSETS - BEGINNING OF YEAR	<u>766,292</u>	<u>1,049,358</u>	<u>1,815,650</u>
NET ASSETS - END OF YEAR	<u>\$ 905,203</u>	<u>\$ 1,117,544</u>	<u>\$ 2,022,747</u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 859,679	\$ -	\$ 859,679
Net investment income	4,046	-	4,046
Grants	-	142,764	142,764
Other income	2,469	-	2,469
Special events	<u>146,279</u>	<u>-</u>	<u>146,279</u>
Total revenues	<u>1,012,473</u>	<u>142,764</u>	<u>1,155,237</u>
Net assets released from restrictions	<u>300,879</u>	<u>(300,879)</u>	<u>-</u>
Total revenues and support	<u>1,313,352</u>	<u>(158,115)</u>	<u>1,155,237</u>
EXPENSES			
Program expenses	800,999	-	800,999
Supporting services:			
General and administrative	117,034	-	117,034
Fundraising	<u>94,989</u>	<u>-</u>	<u>94,989</u>
Total expenses	<u>1,013,022</u>	<u>-</u>	<u>1,013,022</u>
CHANGE IN NET ASSETS	300,330	(158,115)	142,215
NET ASSETS - BEGINNING OF YEAR,	<u>465,962</u>	<u>1,207,473</u>	<u>1,673,435</u>
NET ASSETS - END OF YEAR	<u>\$ 766,292</u>	<u>\$ 1,049,358</u>	<u>\$ 1,815,650</u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>2021 Total</u>
Salaries and wages	\$ 171,566	\$ 70,250	\$ 22,307	\$ 264,123
Payroll taxes	14,529	6,078	248	20,855
Contributions	147,483	395	5,062	152,940
Scholarships	244,415	-	-	244,415
Travel and entertainment	850	314	92	1,256
Office expenses	1,512	1,147	5,391	8,050
Rent	12,225	13,191	-	25,416
Communications	24,722	2,999	2,060	29,781
Contracted services	10,892	3,268	4,261	18,421
Insurance	1,895	1,895	1,895	5,685
Printing and advertising	33,649	767	919	35,335
Banquet and events	50,650	-	6,705	57,355
Other	<u>24,651</u>	<u>7,833</u>	<u>2,812</u>	<u>35,296</u>
 Total Expenses	 <u>\$ 739,039</u>	 <u>\$ 108,137</u>	 <u>\$ 51,752</u>	 <u>\$ 898,928</u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>2020 Total</u>
Salaries and wages	\$ 186,709	\$ 79,110	\$ 26,816	\$ 292,635
Payroll taxes	16,293	6,001	253	22,547
Meetings and conferences	2,101	391	97	2,589
Contributions	210,567	50	3,080	213,697
Scholarships	231,602	5,000	-	236,602
Travel and entertainment	9,852	732	1,186	11,770
Office expenses	4,449	114	4,626	9,189
Rent	13,869	12,191	11,938	37,998
Communications	19,492	1,071	2,321	22,884
Contracted services	41,736	2,608	6,348	50,692
Insurance	1,973	1,973	2,371	6,317
Postage	534	245	270	1,049
Printing and advertising	10,000	349	16,339	26,688
Banquet and events	35,708	-	14,368	50,076
Other	<u>16,114</u>	<u>7,199</u>	<u>4,976</u>	<u>28,289</u>
Total Expenses	<u>\$ 800,999</u>	<u>\$ 117,034</u>	<u>\$ 94,989</u>	<u>\$ 1,013,022</u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
INCREASE (DECREASE) IN CASH

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 207,097	\$ 142,215
Adjustments to Reconcile Change in Net Assets to Net Cash (Provided) by Operating Activities:		
Decrease (Increase) in unconditional promises to give	12,500	14,180
Decrease (Increase) in grants and contracts receivable	7,721	(14,679)
Decrease (Increase) in prepaid expenses and other assets	(10,599)	1,774
(Decrease) Increase in accrued payroll	40,340	10,355
(Decrease) Increase in accounts payable	(2,673)	2,142
(Decrease) Increase in due to affiliated agency	3	(6)
Forgiveness of Paycheck Protection Program loan	<u>(65,300)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>189,089</u>	<u>155,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships/contracts	(155,012)	(165,515)
Proceeds from scholarships	102,257	51,092
Proceeds from notes payable - Paycheck Protection Program loan	<u>61,288</u>	<u>65,300</u>
Net Cash Provided (Used) By Investing Activities	<u>8,533</u>	<u>(49,123)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,623	106,858
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>847,699</u>	<u>740,841</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,045,322</u>	<u>\$ 847,699</u>

The accompanying notes are an integral part of these statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

St. Johns County Education Foundation, Inc. D/B/A INK! ("Investing in Kids") was incorporated in Florida in 1993. Investing in Kids provides funding for technical assistance and educational programs to the community and local schools. Funding is primarily received from community contributions and state and local governmental sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Investing in Kids have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Accounting Pronouncement Changes

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 requires significant accounting changes of organizations that have contract revenue from customers. Management has adopted the reporting requirements of Topic 606.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules. These financial statements include the reporting requirements of ASU 2016-14.

Basis of Presentation

The financial statements of Investing in Kids have been prepared on the accrual basis of accounting. Net assets, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions. Accordingly, net assets of Investing in Kids and changes therein are classified and reported as follows (prior to ASU 2016-14 these were unrestricted and temporarily restricted net assets):

- The change in net assets with donor restrictions.
- The change in net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's knowledge and experience. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and invested in liquid assets with maturities of less than three months when acquired. Investing in Kids maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits.

Contributions

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for donated services. Investing in Kids generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Investing in Kids with specific assistance programs, fundraising activities, and various committee assignments.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Program Descriptions

Investing in Kids is the lead agency in St. Johns County for *Take Stock in Children*. As lead agency, Investing in Kids is responsible for donor relations, mentor recruitment and placement, student selection, placement and support, scholarships, reporting and events.

Investing in Kids has several other programs in which it administers grants and scholarships that benefit the St. Johns County School District.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

Expense Allocation

For the years ended June 30, 2021 and 2020, Investing in Kids allocated general, administrative and fundraising costs among the programs benefited. The allocation was based on each of the program's proportionate share of total revenue.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be received as follows at June 30:

	2021	2020
Less than one year	\$ -	\$ 12,500
One to five years	-	-
	<u>\$ -</u>	<u>\$ 12,500</u>

At June 30, 2021 and 2020, there was no allowance for uncollectible promises. Management considered all remaining unconditional promises to give fully collectible.

4. PAYCHECK PROTECTION PROGRAM LOAN

During the fiscal year ended June 30, 2020, Investing in Kids applied for and received proceeds from a Paycheck Protection Program loan in the amount of \$65,300. The loan was fully forgiven on February 10, 2021. The amount is recognized as other income for the year ending June 30, 2021.

Investing in Kids applied for and received a second loan from the Paycheck Protection Program in March 2021, in the amount of \$61,288. Management believes the second loan will be fully forgiven.

5. SCHOLARSHIP CONTRACTS

Investing in Kids participates in the Florida Prepaid College Foundation by purchasing scholarships for future use by students in St. Johns County. At June 30, 2021 and 2020, contract values were \$1,091,105 and \$1,038,352, respectively.

6. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, 2021 and 2020, the source of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donor or by the passage of time totaled \$102,527 and \$300,879, respectively.

7. MANAGEMENT OF LIQUIDITY

Investing in Kids has financial assets available within one year of the statement of financial position date for general expenditures as follows.

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 1,045,322	\$ 847,699
Unconditional promises to give	-	12,500
Prepaid expenses and other assets	14,715	4,116
Grants and contracts receivable	<u>25,726</u>	<u>33,447</u>
Financial assets available within one year	<u>\$ 1,085,763</u>	<u>\$ 897,762</u>

8. INCOME TAXES

Investing in Kids is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In accordance with the applicable provisions of the Internal Revenue Code, Investing in Kids is subject to an excise tax on net investment income, including realized investment gains.

Investing in Kids evaluates its tax positions for any uncertainties based on the technical merits of the position taken. Investing in Kids recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities.

Currently, the tax years ended 2020, 2019 and 2018 are open and subject to examination by the Internal Revenue Service. However, Investing in Kids is not currently under audit nor has Investing in Kids been contacted by any of these jurisdictions.

ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!

NOTES TO FINANCIAL STATEMENTS

9. RELATED PARTY

St. Johns County School District

Investing in Kids acts as a fundraiser for the St. Johns County School District (the "District"). The District permits Investing in Kids employees to work in its office space. For the years ended June 30, 2021 and 2020, the estimated fair market value of this in-kind contribution totaled \$12,191 and \$12,191, respectively, and is reflected as both revenue and program expense in the statements of activities.

The due to the District at June 30, 2021 and 2020, totaled \$18 and \$15, respectively.

10. SUBSEQUENT EVENTS

Investing in Kids has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 13, 2021, the date the financial statements were available to be issued.



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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
St. Johns County Education Foundation, Inc. D/B/A INK!
St. Augustine, 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 St. Johns County Education Foundation, Inc. D/B/A INK! (Investing in Kids), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report dated August 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Investing in Kids 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 Investing in Kids internal control. Accordingly, we do not express an opinion on the effectiveness of Investing in Kids 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 weakness 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 Investing in Kids financial statements are free of 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 and other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

St. Augustine, Florida
August 13, 2021