



ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

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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

Opinion

We have audited the accompanying financial statements of St. Johns County Education Foundation, Inc. D/B/A INK!, Investing in Kids ("INK!"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Johns County Education Foundation, Inc. D/B/A INK! as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of INK! and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the INK!'s ability to continue as a going concern within one year after the date that the financial statement are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to the risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 INK!'s internal control. Accordingly, no such opinion is expressed.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the INK!'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022, on our consideration of the INK!'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 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 INK!'s internal control over financial reporting and compliance.



St. Augustine, Florida
August 12, 2022

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

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,094,497	\$ 1,045,322
Grants and contracts receivable	17,080	25,726
Prepaid expenses and other assets	11,487	14,715
Scholarship contracts	<u>1,106,426</u>	<u>1,091,105</u>
TOTAL ASSETS	<u><u>\$ 2,229,490</u></u>	<u><u>\$ 2,176,868</u></u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	\$ 16,401	\$ 15,162
Accrued payroll and other liabilities	50,952	77,653
Due to St. Johns County School District	43	18
Paycheck Protection Program loan	<u>-</u>	<u>61,288</u>
Total Liabilities	<u>67,396</u>	<u>154,121</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,020,224	905,203
NET ASSETS WITH DONOR RESTRICTIONS	<u>1,141,870</u>	<u>1,117,544</u>
Total Net Assets	<u>2,162,094</u>	<u>2,022,747</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,229,490</u></u>	<u><u>\$ 2,176,868</u></u>

The accompanying notes are an integral part of these statements.

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>June 30, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 929,933	\$ -	\$ 929,933
Net investment income	3,033	-	3,033
Grants	-	121,158	121,158
Other income	11,652	-	11,652
Special events	199,876	-	199,876
Paycheck Protection Program loan forgiveness	<u>61,288</u>	<u>-</u>	<u>61,288</u>
Total revenues	<u>1,205,782</u>	<u>121,158</u>	<u>\$ 1,326,940</u>
Net assets released from restrictions	<u>96,832</u>	<u>(96,832)</u>	<u>-</u>
Total revenues and support	<u>1,302,614</u>	<u>24,326</u>	<u>1,326,940</u>
EXPENSES			
Program expenses	931,498	-	931,498
Supporting services:			
General and administrative	126,953	-	126,953
Fundraising	<u>129,142</u>	<u>-</u>	<u>129,142</u>
Total expenses	<u>1,187,593</u>	<u>-</u>	<u>1,187,593</u>
CHANGE IN NET ASSETS	115,021	24,326	139,347
NET ASSETS - BEGINNING OF YEAR	<u>905,203</u>	<u>1,117,544</u>	<u>2,022,747</u>
NET ASSETS - END OF YEAR	<u>\$ 1,020,224</u>	<u>\$ 1,141,870</u>	<u>\$ 2,162,094</u>

The accompanying notes are an integral part of these statements.

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>June 30, 2021</u>		
	<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!

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>2022 Total</u>
Salaries and wages	\$ 239,736	\$ 67,067	\$ 21,250	\$ 328,053
Payroll taxes	18,811	5,598	535	24,944
Meetings and conferences	4,675	3,515	-	8,190
Contributions	215,051	-	-	215,051
Scholarships	277,881	-	-	277,881
Travel and entertainment	13,883	820	623	15,326
Office expenses	6,770	3,404	1,539	11,713
Rent	22,967	18,769	6,397	48,133
Communications	11,097	2,813	1,107	15,017
Contracted services	48,504	8,750	8,137	65,391
Insurance	2,049	2,049	2,402	6,500
Printing and advertising	3,556	1,365	9,945	14,866
Banquet and events	52,506	-	72,572	125,078
Other	<u>14,012</u>	<u>12,803</u>	<u>4,635</u>	<u>31,450</u>
Total Expenses	<u><u>\$ 931,498</u></u>	<u><u>\$ 126,953</u></u>	<u><u>\$ 129,142</u></u>	<u><u>\$ 1,187,593</u></u>

The accompanying notes are an integral part of these statements.

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

STATEMENT 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 CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
INCREASE (DECREASE) IN CASH

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 139,347	\$ 207,097
Adjustments to Reconcile Change in Net Assets to Net Cash (Provided) by Operating Activities:		
Decrease (Increase) in unconditional promises to give	-	12,501
Decrease (Increase) in grants and contracts receivable	8,646	7,721
Decrease (Increase) in prepaid expenses and other assets	3,228	(10,599)
(Decrease) Increase in accrued payroll	(26,701)	40,340
(Decrease) Increase in accounts payable	1,239	(2,673)
(Decrease) Increase in due to affiliated agency	25	3
Forgiveness of Paycheck Protection Program loan	<u>(61,288)</u>	<u>(65,300)</u>
Net Cash Provided by Operating Activities	<u>64,496</u>	<u>189,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships/contracts	(112,142)	(155,012)
Proceeds from scholarships	96,820	102,257
Proceeds from notes payable - Paycheck Protection Program loan	<u>-</u>	<u>61,288</u>
Net Cash (Used) Provided By Investing Activities	<u>(15,322)</u>	<u>8,533</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,175	197,623
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,045,322</u>	<u>847,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,094,497</u>	<u>\$ 1,045,322</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! ("INK!") was incorporated in Florida in 1993. INK! 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 INK! have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of INK! 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 INK! and changes therein are classified and reported as follows:

- 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. INK! maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits.

Scholarship Contracts

Scholarship contracts consists of scholarships purchased through the Florida Prepaid College Foundation. Income is recognized based on a match from the Florida Prepaid College Foundation and the expense occurs when the scholarship is disbursed to the college. Management adjusts the fair market value of the contracts as published by the State of Florida.

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. INK! generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist INK! 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.

Program Descriptions

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

INK! 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, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

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

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Expense Allocation

For the years ended June 30, 2022 and 2021, INK! 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. PAYCHECK PROTECTION PROGRAM LOAN

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

INK! applied for and received a second loan from the Paycheck Protection Program in March 2021, in the amount of \$61,288. The loan was fully forgiven in September 2021. The amount is recognized as Paycheck Protection Program loan forgiveness for the year ended June 30, 2022.

4. SCHOLARSHIP CONTRACTS

INK! participates in the Florida Prepaid College Foundation. INK! purchases scholarships for future use by students in St. Johns County. At June 30, 2022 and 2021, contract values were \$1,106,426 and \$1,091,105, respectively.

5. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, 2022 and 2021, the source of net assets released from donor restrictions by incurring expenses that satisfy the restricted purposes, by events occurring that were specified by the donor or by the passage of time totaled \$96,832 and \$102,527, respectively.

6. MANAGEMENT OF LIQUIDITY

INK! has financial assets available within one year of the statement of financial position date for general expenditures as follows.

	<u>2022</u>		<u>2021</u>
Financial assets at year end:			
Cash and cash equivalents	\$ 1,094,497	\$	1,045,322
Grants and contracts receivable	17,080		25,726
Prepaid expenses and other assets	<u>11,487</u>		<u>14,715</u>
Financial assets available within one year	<u>\$ 1,123,064</u>	\$	<u>1,085,763</u>

7. INCOME TAXES

INK! 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, INK! is subject to an excise tax on net investment income, including realized investment gains.

INK! evaluates its tax positions for any uncertainties based on the technical merits of the position taken. INK! 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 2021, 2020 and 2019 are open and subject to examination by the Internal Revenue Service. However, INK! is not currently under audit nor has INK! been contacted by any of these jurisdictions.

8. RELATED PARTY

St. Johns County School District

INK! acts as a fundraiser for the St. Johns County School District (the "District"). The District permits INK! employees to work in its office space. For the years ended June 30, 2022 and 2021, 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 St. Johns County School District at June 30, 2022 and 2021, totaled \$43 and \$18, respectively.

10. SUBSEQUENT EVENTS

INK! has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 12, 2022, 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 ("INK!"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered INK!'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 INK!'s internal control. Accordingly, we do not express an opinion on the effectiveness of INK!'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 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 INK!'s 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 12, 2022