



ST. JOHNS COUNTY EDUCATION FOUNDATION, INC. D/B/A INK!
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

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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, 2023 and 2022, 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 INK! as of June 30, 2023 and 2022, 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 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 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.

We have audited the accompanying financial statements of the St. Johns County Education Foundation, Inc. D/B/A INK!, Investing in Kids, ("INK!" a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 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.

Prior Period Adjustment

As discussed in Note 13 of the financial statements, during fiscal year 2023 certain omissions of assets on the statements of financial position were noted. These omissions resulted in a prior period adjustment that increased beneficial interests held by the others by \$73,997 at June 30, 2022 and a restricted net investment loss of \$12,866. Beginning net assets with donor restrictions at July 1, 2021 increased by \$86,863.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2023, on our consideration of 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 10, 2023

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

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 783,566	\$ 1,094,497
Investments	353,516	-
Grants and contracts receivable	21,361	17,080
Prepaid expenses and other assets	11,810	11,487
Scholarship contracts	1,114,213	1,106,426
Beneficial interest in assets held by others	<u>81,981</u>	<u>73,997</u>
TOTAL ASSETS	<u><u>\$ 2,366,447</u></u>	<u><u>\$ 2,303,487</u></u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	\$ 16,148	\$ 16,391
Accrued payroll and other liabilities	54,394	50,952
Due to St. Johns County School District	<u>53</u>	<u>43</u>
Total Liabilities	<u>70,595</u>	<u>67,386</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,050,738	1,020,224
NET ASSETS WITH DONOR RESTRICTIONS	<u>1,245,114</u>	<u>1,215,877</u>
Total Net Assets	<u>2,295,852</u>	<u>2,236,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,366,447</u></u>	<u><u>\$ 2,303,487</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 YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 844,596	\$ -	\$ 844,596
In-kind revenue	146,450	-	146,450
Grants	-	114,873	114,873
Net investment income (loss)	12,497	7,984	20,481
Special events	169,064	-	169,064
Other income	16,258	-	16,258
Employee Retention Credit (ERC)	86,509	-	86,509
Total revenues	1,275,374	122,857	\$ 1,398,231
Net assets released from restrictions	93,620	(93,620)	-
Total revenues and support	1,368,994	29,237	1,398,231
EXPENSES			
Program services	1,042,715	-	1,042,715
Supporting services:			
General and administrative	143,023	-	143,023
Fundraising	152,742	-	152,742
Total expenses	1,338,480	-	1,338,480
CHANGE IN NET ASSETS	30,514	29,237	59,751
NET ASSETS - BEGINNING OF YEAR	1,020,224	1,215,877	2,236,101
NET ASSETS - END OF YEAR	\$ 1,050,738	\$ 1,245,114	\$ 2,295,852

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 YEARS ENDED JUNE 30, 2023 AND 2022

	<u>June 30, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 758,620	\$ -	\$ 758,620
In-kind revenue	190,813	-	190,813
Grants	-	121,158	121,158
Net investment income (loss)	3,033	(12,866)	(9,833)
Special events	180,376	-	180,376
Other income	11,652	-	11,652
Paycheck Protection Program loan forgiveness	<u>61,288</u>	<u>-</u>	<u>61,288</u>
Total revenues	<u>1,205,782</u>	<u>108,292</u>	<u>1,314,074</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>11,460</u>	<u>1,314,074</u>
EXPENSES			
Program services	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	11,460	126,481
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>905,203</u>	<u>1,204,417</u>	<u>2,109,620</u>
NET ASSETS - END OF YEAR	<u>\$ 1,020,224</u>	<u>\$ 1,215,877</u>	<u>\$ 2,236,101</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 YEARS ENDED JUNE 30, 2023 AND 2022

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>2023 Total</u>
Salaries and wages	\$ 315,682	\$ 76,749	\$ 48,579	\$ 441,010
Payroll taxes	26,290	6,159	-	32,449
Contributions	267,731	2,085	-	269,816
Scholarships	217,386	-	-	217,386
Meetings and travel	16,797	1,405	1,053	19,255
Office expenses	33,784	21,007	7,750	62,541
Rent	11,165	15,269	5,757	32,191
Communications	8,357	5,528	4,956	18,841
Contracted services	41,754	7,075	11,618	60,447
Insurance	2,516	2,516	2,516	7,548
Printing and advertising	16,988	4,730	7,459	29,177
Banquet and events	<u>84,265</u>	<u>500</u>	<u>63,054</u>	<u>147,819</u>
Total Expenses	<u>\$ 1,042,715</u>	<u>\$ 143,023</u>	<u>\$ 152,742</u>	<u>\$ 1,338,480</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 YEARS ENDED JUNE 30, 2023 AND 2022

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>2022 Total</u>
Salaries and wages	\$ 290,682	\$ 67,068	\$ 21,785	\$ 379,535
Payroll taxes	22,716	5,598	-	28,314
Contributions	243,591	6,067	-	249,658
Scholarships	182,849	-	-	182,849
Meetings and travel	14,918	1,506	929	17,353
Office expenses	32,920	12,521	4,118	49,559
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	<u>55,649</u>	<u>447</u>	<u>74,322</u>	<u>130,418</u>
Total Expenses	<u>\$ 931,498</u>	<u>\$ 126,953</u>	<u>\$ 129,142</u>	<u>\$ 1,187,593</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, 2023 AND 2022
INCREASE (DECREASE) IN CASH

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 59,751	\$ 126,481
Adjustments to Reconcile Change in Net Assets to Net Cash (Provided) by Operating Activities:		
Decrease (Increase) in grants and contracts receivable	(4,292)	8,646
Change in value of beneficial interest in assets held by others	(7,984)	12,866
Decrease (Increase) in prepaid expenses and other assets	(323)	3,228
(Decrease) Increase in accrued payroll	3,442	(26,701)
(Decrease) Increase in accounts payable	(234)	1,239
(Decrease) Increase in due to affiliated agency	10	25
Forgiveness of Paycheck Protection Program loan	<u>-</u>	<u>(61,288)</u>
Net Cash Provided by Operating Activities	<u>50,370</u>	<u>64,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of scholarships/contracts	(101,406)	(112,142)
Proceeds from scholarships	93,620	96,820
Purchases of investments	<u>(353,516)</u>	<u>-</u>
Net Cash (Used) By Investing Activities	<u>(361,302)</u>	<u>(15,322)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(310,931)	49,175
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,094,497</u>	<u>1,045,322</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 783,566</u>	<u>\$ 1,094,497</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, ("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.

Investments

INK! carries investments in certificate of deposits with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. The net investment income or loss is included in the accompanying Statements of Activities.

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.

Fair Value Measurements

Authoritative guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). As a basis for considering such assumptions, the three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value are as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

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

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in authoritative guidance:

A. Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. Cost approach: Amount that would be required to replace the service capacity of an asset (replacement cost).

C. Income approach: Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

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

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Beneficial interest in assets held by others

INK! has assets held in an endowment fund at the Community Foundation of Northeast Florida (the "CFNEF") which is holding them as an agency fund ("Fund") for the benefit of INK!. INK! has granted the Foundation variance power which gives the CFNEF's Board of Trustees the power to use the Fund for other purposes in certain circumstances.

The Fund, which was established in 2017, has begun making distributions to INK! for the purpose of grant making, however INK! has decided to reinvest the distributions into the Fund each year. The Fund is subject to the CFNEF's investment and spending policies. INK! reports the fair value of the Fund as beneficial interest in assets held at the CFNEF in the statement of financial position and reports gains or losses as restricted net investment income on the statement of activities.

The beneficial interest in assets held at the CFNEF have been valued, as practical expedient, at the fair value of INK!'s share of the CFNEF's investment pool as of the measurement date, utilizing valuations provided by the investment funds.

The CFNEF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the CFNEF, which includes private placements and other securities for which prices are not readily available, are determined by management of the Foundation and may not reflect amounts that could be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the CFNEF is not redeemable by INK! and therefore these assets are considered net assets with donor restrictions.

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, 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.

Expense Allocation

For the years ended June 30, 2023 and 2022, 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. INVESTMENTS

Investments consist of the following as of June 30, 2023 and 2022:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Certificates of deposit	\$ 351,000	\$ 353,516	\$ -	\$ -
	<u>\$ 351,000</u>	<u>\$ 353,516</u>	<u>\$ -</u>	<u>\$ -</u>

Income from investments for the years ended June 30, 2023 and 2022 totaled \$2,516 and \$0, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022, contract values were \$1,114,213 and \$1,106,426, respectively.

5. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Trust assets held by the CFNEF in the Fund are valued at \$81,981 and \$73,997 at June 30, 2023 and 2022, respectively. Net investment income (loss) totaled \$7,984 and (\$12,866) for the years ended June 30, 2023 and 2022.

6. FAIR VALUE MEASUREMENTS

Assets and liabilities are measured and disclosed at fair value on a recurring basis as of June 30, 2023 and 2022. Information related to INK!'s investments measured at fair value is as follows:

	June 30, 2023			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 353,516	\$ 353,516	\$ -	\$ -
Scholarship contracts	1,114,213	-	1,114,213	-
Pooled investment funds	81,981	-	81,981	-
	<u>\$ 1,549,710</u>	<u>\$ 353,516</u>	<u>\$ 1,196,194</u>	<u>\$ -</u>
	June 30, 2022			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ -	\$ -	\$ -	\$ -
Scholarship contracts	1,106,426	-	1,106,426	-
Pooled investment funds	73,997	-	73,997	-
	<u>\$ 1,180,423</u>	<u>\$ -</u>	<u>\$ 1,180,423</u>	<u>\$ -</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, 2023 and 2022, 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 \$93,620 and \$96,832, respectively.

8. MANAGEMENT OF LIQUIDITY

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

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 783,566	\$ 1,094,497
Grants and contracts receivable	21,361	17,080
Financial assets available within one year	<u>\$ 804,927</u>	<u>\$ 1,111,577</u>

9. IN-KIND DONATIONS

INK! received the following in-kind contributions for the years ending June 30, 2023 and 2022, respectively.

	2023	2022
Awards	\$ 39,805	\$ 37,920
Supplies	71,127	113,229
Rent	17,519	30,294
Contracted services	2,000	2,120
Printing and advertising	15,999	7,250
	<u>\$ 146,450</u>	<u>\$ 190,813</u>

10. EMPLOYEE RETENTION CREDIT

During the year ended June 30, 2023, INK! received Employee Retention Credit (ERC) for the second and third quarters of 2021 totaling \$86,509. The amount is recorded as revenue on the statement of activities.

11. 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 2022, 2021 and 2020 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.

12. 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, 2023 and 2022, the estimated fair market value of this in-kind contribution totaled \$15,269 and \$15,269, respectively, and is reflected as both revenue and program expense in the statements of activities.

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

NOTES TO FINANCIAL STATEMENTS

13. PRIOR PERIOD ADJUSTMENT

During fiscal year 2023, certain omissions of assets on the statements of financial position were noted. These omissions resulted in a prior period adjustment that increased beneficial interests held by the others by \$73,997 at June 30, 2022 and a restricted net investment loss of \$12,866. Beginning net assets with donor restrictions at July 1, 2021 increased by \$86,863.

14. SUBSEQUENT EVENTS

INK! has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 10, 2023, the date the financial statements were available to be issued.



NEVILLE WAINIO CPAs

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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, 2023 and 2022, 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 10, 2023.

Report on 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items that we consider to be material weaknesses:

Complete Accounting Records

Criteria: INK! should maintain a financial accounting system that is complete and accurate.

Condition: INK! did not account for beneficial interest in assets held by others.

Effect: The financial statements were incomplete and did not capture all assets and equity.

Identification of a repeat finding: This is not a repeat finding from the immediate previous audit.

Corrective action plan: INK! has accepted the recommendation and believes the findings have been corrected.

Recommendation: To review quarterly statements from the Community Foundation of Northeast Florida and record changes in asset value in the accounting system.

Management's response: The corrective action plan was implemented during the engagement. Management will continue to monitor going forward.

Report on 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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

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

INK!'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on INK!'s response to the findings identified in our audit and described in the paragraph above. INK!'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in blue ink that reads "Neville Wainio CPA". The signature is written in a cursive style.

St. Augustine, Florida
August 10, 2023