

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.
INDEPENDENT ACCOUNTANTS' AUDIT REPORT
AND FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

INDEPENDENT ACCOUNTANTS' AUDIT REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2009

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Sines, Girvin, Blakeslee & Campbell

Certified Public Accountants, P.A.

800 South Dillard Street
Winter Garden, FL 34787-3910
Telephone 407 656-6611
FAX 407 656-5372

To the Board of Directors of the
Educational Foundation of Lake County, Inc.
Leesburg, FL

We have audited the accompanying statement of financial position of Educational Foundation of Lake County, Inc. (a Florida nonprofit organization) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational Foundation of Lake County, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants, P.A.
September 15, 2009

LIABILITIES AND NET ASSETS

Current Liabilities

Current Payables	\$ 2,718
Accrued Liabilities	148,422

<u>Total Current Liabilities</u>	151,140
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Net Assets:

Unrestricted	433,653
Temporarily Restricted	161,038
Permanently Restricted	24,500

<u>Total Net Assets</u>	619,191
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<u>Total Liabilities and Net Assets</u>	<u>\$ 770,331</u>
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See accompanying notes to the financial statements.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

Statement of Activities

For The Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:				
Contributions	\$ 81,896	\$ 42,191	\$ -	\$ 124,087
Contributions, In Kind	134,117	-	-	134,117
Grants	-	78,687	-	78,687
Special Events Revenue, net	186,285	-	-	186,285
State and Local Allocations	-	139,765	-	139,765
Interest and Dividend Income	7,244	3,599	-	10,843
Unrealized Loss on Investments	(19,521)	-	-	(19,521)
Miscellaneous	1,540	2,162	-	3,702
Net Assets Released From Restrictions	404,834	(404,834)	-	-
Total Revenue and other support	796,395	(138,430)	-	657,965
EXPENSES:				
Program Services:				
Teacher Support	259,175	-	-	259,175
Student Support	142,888	-	-	142,888
Take Stock In Children	273,929	-	-	273,929
Total Program Services	675,993	-	-	675,993
Supporting Services:				
Fundraising	47,156	-	-	47,156
Administrative	86,959	-	-	86,959
Total Supporting Services	134,115	-	-	134,115
Total Expenses	810,108	-	-	810,108
Change in Net Assets	(13,713)	(138,430)	-	(152,143)
Net Assets, Beginning of Year	447,366	299,468	24,500	771,334
Net Assets, End of Year	<u>\$ 433,653</u>	<u>\$ 161,038</u>	<u>\$ 24,500</u>	<u>\$ 619,191</u>

See accompanying notes to the financial statements.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

Statement of Cash Flows

For The Year Ended June 30, 2009

Cash Flows from Operating Activities:

Change in Net Assets	\$ (152,143)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Unrealized (Gain) Loss on Appreciation of Marketable Securities	19,521
(Increase) Decrease in Related Party Receivable	(891)
(Increase) Decrease in Accrued Interest Receivable	447
(Increase) Decrease in Grants and Pledges Receivable	20,000
(Increase) Decrease in Accounts Receivable	19,925
Increase (Decrease) In Current Payables	(19,191)
Increase (Decrease) In Accrued Expenses	(1,256)
<u>Total Adjustments</u>	<u>38,555</u>
Net Cash (Used In) Operating Activities	<u>(113,588)</u>

Cash Flows from Investment Activities:

Proceeds from Investments	14,860
Net Cash Provided By Investment Activities	<u>14,860</u>
 Increase (Decrease) in Cash and Cash Equivalents	 (98,728)
 Cash and Cash Equivalents at Beginning of Year	 <u>661,755</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 563,027</u>

See accompanying notes to the financial statements.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

Notes to Financial Statements

June 30, 2009

1. Summary of Significant Accounting Policies

Nature of Activities

Educational Foundation of Lake County, Inc., (the "Foundation"), is a nonprofit organization, serving the citizens of Lake County, Florida, by providing funding and services to support public education. The Foundation's primary support is received from contributions from individual and corporate donors. As of August, 2006, the Foundation assumed fiscal control of the Lake and Sumter County operations of the Take Stock in Children program, a mentoring program serving at risk students.

Basis of Accounting

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

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Income Taxes

The Foundation is a non-profit corporation statutorily exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization rather than as a private foundation.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Contributed Services and Materials

In addition to receiving cash contributions, the Foundation occasionally receives in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair market value of certain in-kind donations as an asset or expense in its financial statements, and similarly increase donations by a like amount.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Under SFAS No. 116, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

Notes to Financial Statements - Continued
June 30, 2009

2. Concentrations of Credit Risk

The Foundation is supported by contributions from the public. In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the long term, but management does not deem this a significant risk in the near term..

The Foundation maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured portion of this balance was \$352,532 at June 30, 2009. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

3. Investments

In accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", the Foundation records certain investment securities and certificates of deposit with maturities greater than three months at estimated fair value. The unrealized gain or loss on investments is reflected in the Statement of Activities. Investment income and gains that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the year the investment return is received.

Cost and fair value of unrestricted investments are as follows as of December 31, 2009:

	Cost	Market Value
American Funds Endowments	\$ 123,626	\$ 93,090
Certificates of Deposit	39,505	39,504
	<u>\$ 163,131</u>	<u>\$ 132,594</u>

4. Retirement Benefits

The Foundation established a SIMPLE IRA Plan for the benefit of its employee. The plan allows employees to contribute an amount not to exceed earned income or \$11,500 (14,000 if age 50 or older) for 2009..

5. Temporarily Restricted Net Assets

Student Scholarships	\$ 101,868
Teacher Grants	20,032
Minneola Elementary School	23,189
Other Restricted	15,949
	<u>\$ 161,038</u>

6. Permanently Restricted Net Assets

Student Scholarships	\$ 24,500
	<u>\$ 24,500</u>

7. Net Assets Released from Restrictions

Net Assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors during the fiscal year ended June 30, 2009.

Purpose Restrictions accomplished:	
Student Scholarships	\$ 265,503
Teacher Grants	108,698
Minneola Elementary School	24,075
Other Restricted Net	6,558
	<u>\$ 404,834</u>

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

Notes to Financial Statements - Continued
June 30, 2009

8. Restricted Grants and Pledges

The balance of restricted grants and pledges receivable at June 30, 2009 was determined as follows:

Grant Receivable	\$	60,000
TSIC Receivable		13,385
	\$	<u>73,385</u>

Restricted unconditional promises to give are due as follows:

Less than one year	\$	33,385
One to five years		40,000
	\$	<u>73,385</u>

9. Related Party

In-kind contributions and corresponding expenses of \$134,117 have been recognized for amounts paid by the Lake County School District for salaries and related expenses including the use of office space.

During the fiscal year ended June 30, 2009, the Foundation Board closed a related non-profit organization that was under their control and directed all cash and cash equivalents to be transferred to the Foundation. As of June 30, 2009, \$891 had not yet been transferred to the foundation. This amount was transferred in a subsequent month.