

TAKE STOCK IN CHILDREN
OF MANATEE COUNTY, INC.

Financial Statements

Years Ended June 30, 2021 and 2020

(With Independent Accountant's Review Report Thereon)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Index to Financial Statements

Years Ended June 30, 2021 and 2020

	<u>Page Number</u>
Independent Accountant's Review Report	1
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses Year Ended June 30, 2021	4
Statement of Functional Expenses Year Ended June 30, 2020	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13

Independent Accountant's Review Report

The Board of Directors
Take Stock in Children of Manatee County, Inc.:

I have reviewed the accompanying statements of financial position of Take Stock in Children of Manatee County, Inc. (TSIC), a non-profit organization, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of TSIC's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

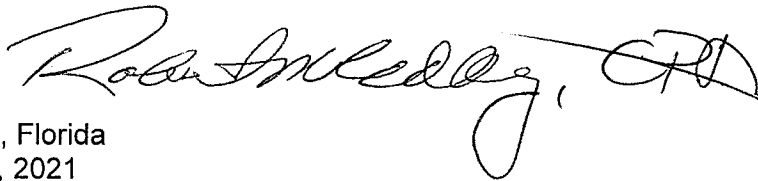
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Bradenton, Florida
August 24, 2021

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Statements of Financial Position

June 30, 2021 and 2020

(See Independent Accountant's Review Report)

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 528,815	469,333
Prepaid expenses	628	628
Funds held at community foundation	20,172	15,796
Due from State of Florida Department of Education	<u>42,440</u>	<u>33,934</u>
Total current assets	<u>592,055</u>	<u>519,691</u>
Prepaid tuition accounts held by others	<u>3,067,863</u>	<u>2,789,110</u>
Computer equipment	8,556	4,638
Less accumulated depreciation	<u>5,030</u>	<u>4,638</u>
Net computer equipment	<u>3,526</u>	<u>-</u>
	<u>\$ 3,663,444</u>	<u>3,308,801</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	\$ 1,489	5,203
PPP loan payable	-	59,300
Accrued and withheld payroll taxes	-	2,471
Accrued payroll and compensated absences	<u>9,877</u>	<u>8,969</u>
Total current liabilities	<u>11,366</u>	<u>75,943</u>
Net assets:		
Without donor restrictions	584,215	443,748
With donor restrictions	<u>3,067,863</u>	<u>2,789,110</u>
Total net assets	<u>3,652,078</u>	<u>3,232,858</u>
	<u>\$ 3,663,444</u>	<u>3,308,801</u>

See accompanying notes to financial statements.

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Statements of Activities

Years Ended June 30, 2021 and 2020
(See Independent Accountant's Review Report)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictitons	With Donor Restrictions	Total
Revenue, gains, and other support:						
State legislative funding	\$ -	144,031	144,031	-	135,735	135,735
School District of Manatee County funding	-	65,360	65,360	-	106,980	106,980
Contributions and grants	504,652	384,576	889,228	267,885	367,170	635,055
Fund raising events gross income	-	-	-	14,710	-	14,710
Less fund raising events direct expenses	-	-	-	(19,718)	-	(19,718)
Fund raising events, net	-	-	-	(5,008)	-	(5,008)
Investment income	5,473	-	5,473	509	-	509
Net assets released from restrictions	315,214	(315,214)	-	645,642	(645,642)	-
Total revenue, gains, and other support	<u>825,339</u>	<u>278,753</u>	<u>1,104,092</u>	<u>909,028</u>	<u>(35,757)</u>	<u>873,271</u>
Expenses:						
Program services	581,607	-	581,607	423,787	-	423,787
Fund raising	79,772	-	79,772	99,750	-	99,750
Management and general	23,493	-	23,493	48,545	-	48,545
Total expenses	<u>684,872</u>	<u>-</u>	<u>684,872</u>	<u>572,082</u>	<u>-</u>	<u>572,082</u>
Changes in net assets	140,467	278,753	419,220	336,946	(35,757)	301,189
Net assets at beginning of year	<u>443,748</u>	<u>2,789,110</u>	<u>3,232,858</u>	<u>106,802</u>	<u>2,824,867</u>	<u>2,931,669</u>
Net assets at end of year	<u>\$ 584,215</u>	<u>3,067,863</u>	<u>3,652,078</u>	<u>443,748</u>	<u>2,789,110</u>	<u>3,232,858</u>

See accompanying notes to financial statements.

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Statement of Functional Expenses

Year Ended June 30, 2021
 (See Independent Accountant's Review Report)

	2021			<u>Total</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	
Employment expenses, salaries and benefits	\$ 255,547	74,620	8,813	338,980
Program specific expenses:				
Scholarship expense	296,254	-	-	296,254
Student expenses	4,790	-	-	4,790
Mentoring expenses	<u>2,988</u>	<u>-</u>	<u>-</u>	<u>2,988</u>
Total program specific expenses	304,032	-	-	304,032
Facilities lease	3,088	618	412	4,118
Marketing	12,766	-	-	12,766
Bank service fees	-	-	779	779
Depreciation	-	-	392	392
Insurance	-	-	2,391	2,391
Conferences, meetings, and travel	757	-	-	757
Registrations and memberships	2,131	-	-	2,131
Postage and mailing services	705	-	-	705
Communications technology	-	4,534	514	5,048
Legal and professional	-	-	7,063	7,063
Office supplies	853	-	94	947
Other expenses	<u>1,728</u>	<u>-</u>	<u>3,035</u>	<u>4,763</u>
	<u>\$ 581,607</u>	<u>79,772</u>	<u>23,493</u>	<u>684,872</u>

See accompanying notes to financial statements.

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Statement of Functional Expenses

Year Ended June 30, 2020
 (See Independent Accountant's Review Report)

	2020			
	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Employment expenses, salaries and benefits	\$ 211,207	69,548	29,431	310,186
Program specific expenses:				
Contract services	-	19,450	-	19,450
Scholarship expense	142,165	-	-	142,165
Student expenses	6,915	-	-	6,915
Mentoring expenses	3,421	-	-	3,421
Total program specific expenses	152,501	19,450	-	171,951
Facilities lease	32,235	6,447	4,298	42,980
Marketing	8,279	-	-	8,279
Bank service fees	-	-	1,540	1,540
Depreciation	-	-	462	462
Insurance	-	-	1,897	1,897
Printing	5,804	-	-	5,804
Conferences, meetings, and travel	7,117	-	-	7,117
Registrations and memberships	2,931	-	-	2,931
Postage and mailing services	647	-	-	647
Communications technology	-	4,305	666	4,971
Legal and professional	-	-	5,838	5,838
Office supplies	1,579	-	175	1,754
Other expenses	1,487	-	4,238	5,725
	<u>\$ 423,787</u>	<u>99,750</u>	<u>48,545</u>	<u>572,082</u>

See accompanying notes to financial statements.

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020
(See Independent Accountant's Review Report)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 419,220	301,189
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	392	928
PPP loan forgiveness grant income	(59,300)	-
Unrealized losses (gains) on funds held at community foundation	(2,785)	60
Non-cash matching contributions, STARS	(287,638)	(222,756)
Decrease (increase) in:		
Prepaid expenses	-	550
Due from State of Florida Department of Education	(8,506)	(3,351)
Prepaid tuition accounts held by others	8,885	267,316
Increase (decrease) in:		
Accounts payable	(3,714)	5,203
Accrued and withheld payroll taxes	(2,471)	2,471
Accrued payroll and compensated absences	908	(3,451)
Net cash provided by operating activities	<u>64,991</u>	<u>348,159</u>
Cash flows from investing activities:		
Net reinvestment of earnings on funds held at community foundation	(1,591)	(292)
Capital expenditures	<u>(3,918)</u>	<u>-</u>
Net cash used by investing activities	<u>(5,509)</u>	<u>(292)</u>
Net cash provided by financing activities, proceeds from PPP loan	<u>-</u>	<u>59,300</u>
Net increase in cash and cash equivalent	59,482	407,167
Cash and cash equivalents at beginning of year	<u>469,333</u>	<u>62,166</u>
Cash and cash equivalents at end of year	<u>\$ 528,815</u>	<u>469,333</u>

See accompanying notes to financial statements.

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020
(See Independent Accountant's Review Report)

(1) Summary of Significant Accounting Policies

Organization, principles of consolidation, and basis of presentation

Take Stock in Children of Manatee County, Inc. (TSIC) is a non-profit corporation formed October 24, 2012, under the laws of the State of Florida. TSIC focuses on providing unique college mentoring and scholarship opportunities for low-income and at-risk students to help them end the cycle of poverty through education. Students are offered college scholarships, caring mentors from the community, and hope for a better future. Related comprehensive services begin in middle school, continue through high school, and provide support in attaining a post-secondary degree.

TSIC's financial statements have been prepared on the accrual method of accounting.

Use of estimates

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

Cash equivalents

For purposes of the statements of cash flows, TSIC considers all debt instruments purchased with original maturities of three months or less to be cash equivalents.

Prepaid tuition accounts held by others

TSIC participates in the Florida Prepaid College Foundation (Foundation) "STARS" Scholarship Project whereby TSIC purchases scholarship plans and pays 50% of the scholarship plan contract price. The Foundation provides the remaining 50% of the contract price as a match which is recorded by TSIC as a contribution to TSIC at the time of the match. Scholarship plans are assigned by TSIC to eligible students, defined as designated beneficiaries, who meet standards specified in TSIC's scholarship program. The scholarships are assets of TSIC until related designated beneficiaries have exhausted associated tuition credit hours. TSIC accounts for tuition credit hours used and recognizes tuition expense based on those hours used by designated beneficiaries. Amounts recognized by TSIC as assets and expenses are based on lower of cost or current tuition plan values of the scholarships. In the event of cancellation or termination of a scholarship plan, TSIC is entitled to a credit from the Foundation for TSIC's share of the value of related unused tuition credit hours.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements (See Independent Accountant's Review Report)

Funds held at community foundation

During 2016, \$12,398 of funds of The Manatee County Education Foundation held at Manatee Community Foundation (MCF) were contributed to TSIC and continue to be held at MCF which is holding them as a component fund (Fund) for the benefit of TSIC. The Fund is subject to MCF's investment policies. TSIC reports the fair value of the Fund as "Funds held at community foundation" in the statements of financial position, reports interest and dividend income allocated to the Fund as investment income with changes in value of the Fund reported as gains or losses in the statements of activities. Fair value of the Fund is measured by Level 1, 2, or 3 inputs as described in FASB ASC 820, *Fair Value Measurement and Disclosures*, which provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. Level 1 values are based on quoted prices for identical markets TSIC has the ability to access. Level 2 values are determined from inputs which are observable for the asset. Level 3 values are for assets with significant unobservable outputs.

Net asset classification

The financial statements of TSIC have been prepared to present balances and transactions according to the existence or absence of donor or grantor-imposed restrictions. This is accomplished by classifying transactions into two classes of net assets: with donor restrictions and without donor restrictions.

Net assets with donor restrictions result from the inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of TSIC.

Net assets without restrictions are those net assets that do not carry any donor restrictions.

Revenues and support

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements (See Independent Accountant's Review Report)

Grants and contributions

Grants and contributions from various agencies, private organizations, and individuals are generally received by TSIC and are measured at fair value. Revenues from grants and contributions are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operations or to capital purposes. Gifts of cash and other assets are reported as restricted 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, temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Restricted resources

When TSIC has both restricted and unrestricted resources available to finance a particular activity or program, it is TSIC's policy to use restricted resources before unrestricted resources.

Investment income

Net assets without donor restrictions investment income is reported as an unrestricted gain. Net assets with donor restrictions related investment income which is not donor-restricted is recorded as an unrestricted gain. Net assets with donor restrictions related investment income which is donor-restricted is added to net assets with donor restrictions.

Program and supporting services and cost allocation

Program services include providing college mentoring to students and making college scholarships opportunities to those students. Supporting services are comprised of fund raising, and management and general expenses. Fund raising manages development functions for TSIC to ensure ongoing public support for the organization and solicits contributions to support TSIC's program services. Management and general provides necessary support services such as organization leadership, budget and accounting control, personnel administration, establishment of organization policies, board liaison and public information services.

Expenses are allocated to the various functional categories based on the purpose achieved by each expenditure. Payroll related expenses of employees whose time may benefit more than one activity are allocated based on estimates of the percentage of time devoted to each function. For the year ended June 30, 2021, salary and payroll related expenses of \$338,980 were allocated as follows: \$255,547 to program services; \$74,620 to fund raising; and \$8,813 to management and general. Depreciation expense totaled \$392 and \$462 in 2021 and 2020, respectively, all of which was allocated to management and general. For the year ended June 30, 2020, salary and payroll related expenses of \$310,186 were allocated as follows: \$211,207 to program services; \$69,548 to fund raising; and \$29,431 to management and general.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements
(See Independent Accountant's Review Report)

Compensated absences

TSIC's adopted a Paid Time Off (PTO) policy to permit employees to accrue PTO to be used for vacation, sick, or personal days. PTO benefits are expense and accrued as earned under TSIC's policy with the vested amount recorded as a current liability. Compensated absence liabilities are computed using regular pay rates for PTO in effect at the balance sheet date.

Advertising

TSIC expenses advertising costs as they are incurred.

Income taxes

TSIC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, TSIC can be subject to federal income tax on any unrelated business income. TSIC's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2021, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent events

TSIC has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 24, 2021, which is the date the financial statements were considered "available to be issued". Financial statements are considered to be "available to be issued" when they are complete in a form and format that complies with GAAP and all approvals necessary for issuance have been obtained. See Note 11 regarding the Covid-19 outbreak.

(2) Cash and Cash Equivalents

At June 30, 2021, TSIC's cash and cash equivalents consisted of checking accounts and a savings account at cost which approximates market. As of June 30, 2021, TSIC had \$259,902 of deposits in a financial institution in excess of related Federal depository insurance coverage.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements
(See Independent Accountant's Review Report)

(3) Liquidity and Availability of Resources

The following reflects TSIC's financial assets as of June 30, 2021 and 2020, reduced by the amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at June 30,	\$ 591,427	519,063
Less those unavailable for general expenditures within one year due to donor imposed restrictions for specific purposes	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>591,427</u>	<u>519,063</u>

TSIC adopted a new investment policy during 2021 which addresses the need to structure its financial assets available as its general expenditures, liabilities and other obligations come due.

(4) Prepaid Tuition Accounts Held By Others

During 2021 and 2020, TSIC purchased \$287,638 and \$222,756, respectively, of prepaid tuition contracts net of application fees and acquired another \$287,638 and \$222,756, respectively, of prepaid tuition contracts resulting from matching contributions from Florida Prepaid Foundation. Based on the June 30, 2021 contract detail report received from Florida Prepaid Foundation, the total current tuition plan values of the related contracts was \$3,067,863 at June 30, 2021.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements
(See Independent Accountant's Review Report)

(5) Fair Value Measurement

At June 30, 2021 and 2020, funds held at community foundation are stated at fair value in the statements of financial position. The funds held are comprised of prorated amounts based on asset allocations in large investment pools with the major categories of assets measured at their fair values as follows at June 30, 2021 and 2020 with Level 1 using quoted market prices in active markets for identical assets, Level 2, significant other observable inputs, and Level 3, significant unobservable inputs with information provided by MCF:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2021</u>				
Cash and cash equivalents	\$ 353	353	-	-
Common stock and equity mutual funds	12,444	12,444	-	-
Fixed income investments	5,607	5,607	-	-
Commodities	538	538	-	-
Real estate funds	754	754	-	-
Private equity funds	2	-	-	2
Other alternatives	474	-	-	474
Total	\$ <u>20,172</u>	<u>19,696</u>	<u>-</u>	<u>476</u>
<u>June 30, 2020</u>				
Cash and cash equivalents	\$ 323	323	-	-
Common stock and equity mutual funds	9,026	9,026	-	-
Fixed income investments	4,309	4,309	-	-
Commodities	472	472	-	-
Real estate funds	694	694	-	-
Private equity funds	138	-	-	138
Other alternatives	793	-	-	793
Total	\$ <u>15,796</u>	<u>14,875</u>	<u>-</u>	<u>921</u>

(6) Computer Equipment

At June 30, 2021 and 2020, TSIC owned computer equipment with original cost of \$8,556 and \$4,638, respectively, which is being depreciated over its estimated useful life of five years under the straight-line method with accumulated depreciation being \$5,030 and \$4,638 at June 30, 2021 and 2020, respectively.

(Continued)

TAKE STOCK IN CHILDREN OF MANATEE COUNTY, INC.

Notes to Financial Statements
(See Independent Accountant's Review Report)

(7) Donor Restricted Net Assets

Donor restricted net assets of \$3,067,863 and \$2,789,110 at June 30, 2021 and 2020, respectively, were restricted for the provision of college scholarships to qualifying students as described above and were equal to balances of prepaid accounts held by others at the end of each year.

(8) State Legislative Funding

TSIC was allocated funding of \$144,031 and \$135,735 for the years ended June 30, 2021 and 2020, respectively, from the State of Florida's Take Stock in Children program funded by the Florida Legislature. TSIC's 2021-2022 Florida Legislative Award Letter provides funding totaling \$147,774 for fiscal year 2022.

(9) Memorandum of Understanding Between TSIC and The School District of Manatee County

On June 11, 2020, School District of Manatee County (SDMC) approved a Memorandum of Understanding (MOU) with TSIC under which SDMC agreed to provide \$64,000 of financial support for the 2020-2021 school year with the funds' use restricted to operational support intended to allow TSIC to experience at least a cash-neutral transition as it operates as an independent entity. Similar support was received for TSIC's fiscal year 2022 in July 2021.

(10) STARS Scholarship Project Matching Contributions

TSIC received \$287,638 and \$222,756 of matching contributions from Florida Prepaid Foundation for 2021 and 2020, respectively, with those amounts included in restricted contributions for the years ended June 30, 2021 and 2020.

(11) Covid-19 Outbreak

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in China. In March 2020, WHO classified the Covid-19 outbreak as a pandemic based on the rapid increase of exposure globally. As a result of the pandemic, economic uncertainties have arisen which may have a negative impact on operations of TSIC. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. As a result of the CARES Act, the Paycheck Protection Program (PPP) loan program was originated which provides employers loans with deferral of payments up to six months, a 1% interest rate and no collateral requirement. TSIC was the recipient of a \$59,300 PPP loan, all of which forgiven in December 2020 and reported as FY 2021 grant income.