

TSIC, Inc. d/b/a  
Take Stock in Children, Inc.

Financial Statements  
and Additional Information  
For the Year Ended June 30, 2022



**Table of Contents**

---

Independent Auditor's Report	1-3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
<b>Supplemental Information</b>	
Schedule of Expenditures of State Financial Assistance	17
Notes to Schedule of Expenditures of State Financial Assistance	18
<b>Internal Controls and Compliance</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance For Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, <i>Rules Of The Auditor General</i>	21-23
Schedule of Findings and Questioned Costs	24

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
TSIC, Inc. d/b/a Take Stock in Children, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of TSIC, Inc. d/b/a Take Stock in Children, Inc., (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management 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, 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 Organization's ability to continue as a going concern within one year after the date that the financial statements 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental 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 and *Governmental 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 those risks. Such procedures include 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- 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 Organization'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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, as required by the *Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 14, 2023

# FINANCIAL STATEMENTS

**TSIC, Inc. d/b/a Take Stock in Children, Inc.**  
**Statement of Financial Position**  
**June 30, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Assets:</b>			
Current assets:			
Cash	\$ 3,696,703	\$ 473,158	\$ 4,169,861
Grant and other receivables	<u>52,735</u>	<u>-</u>	<u>52,735</u>
Total current assets	<u>3,749,438</u>	<u>473,158</u>	<u>4,222,596</u>
Noncurrent assets:			
Investments	-	906,266	906,266
Prepaid tuition	255,660	2,034,402	2,290,062
Other assets	<u>12,375</u>	<u>-</u>	<u>12,375</u>
Total noncurrent assets	<u>268,035</u>	<u>2,940,668</u>	<u>3,208,703</u>
Total assets	<u><u>\$ 4,017,473</u></u>	<u><u>\$ 3,413,826</u></u>	<u><u>\$ 7,431,299</u></u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 156,898	\$ -	\$ 156,898
Amounts due to subrecipients	1,283,155	-	1,283,155
Deferred revenue and refundable advances	<u>394,369</u>	<u>-</u>	<u>394,369</u>
Total current liabilities	<u>1,834,422</u>	<u>-</u>	<u>1,834,422</u>
Total liabilities	<u>1,834,422</u>	<u>-</u>	<u>1,834,422</u>
<b>Net Assets:</b>			
Without donor restrictions:			
Undesignated	2,183,051	-	2,183,051
With donor restrictions:			
Purpose and time restrictions	-	2,507,560	2,507,560
Perpetual in nature	-	1,000,000	1,000,000
Underwater endowments	<u>-</u>	<u>(93,734)</u>	<u>(93,734)</u>
Total net assets	<u>2,183,051</u>	<u>3,413,826</u>	<u>5,596,877</u>
Total liabilities and net assets	<u><u>\$ 4,017,473</u></u>	<u><u>\$ 3,413,826</u></u>	<u><u>\$ 7,431,299</u></u>

The accompanying notes to financial statements are an integral part of these statements

**TSIC, Inc. d/b/a Take Stock in Children, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Change in Net Assets:</b>			
Public support and revenues:			
Grants from the State of Florida	\$ 6,723,009	\$ -	\$ 6,723,009
Contributions and grants from private sources	1,324,345	354,018	1,678,363
Investment income (loss), net	(99,163)	-	(99,163)
Other income	<u>12,560</u>	<u>-</u>	<u>12,560</u>
Total public support and revenues	<u>7,960,751</u>	<u>354,018</u>	<u>8,314,769</u>
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	<u>496,031</u>	<u>(496,031)</u>	<u>-</u>
Total public support, revenues and net assets released from restrictions	<u>8,456,782</u>	<u>(142,013)</u>	<u>8,314,769</u>
Expenses:			
Program services:			
Scholarship and mentoring programs	<u>7,799,434</u>	<u>-</u>	<u>7,799,434</u>
Supporting services:			
Management and administration	428,423	-	428,423
Fundraising	<u>146,398</u>	<u>-</u>	<u>146,398</u>
Total supporting services	<u>574,821</u>	<u>-</u>	<u>574,821</u>
Total expenses	<u>8,374,255</u>	<u>-</u>	<u>8,374,255</u>
Change in net assets	82,527	(142,013)	(59,486)
<b>Net Assets, July 1, 2021</b>	<u>2,100,524</u>	<u>3,555,839</u>	<u>5,656,363</u>
<b>Net Assets, June 30, 2022</b>	<u>\$ 2,183,051</u>	<u>\$ 3,413,826</u>	<u>\$ 5,596,877</u>

The accompanying notes to financial statements are an integral part of these statements



**TSIC, Inc. d/b/a Take Stock in Children, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

---

	<b>Scholarship and Mentoring Programs</b>	<b>Supporting Services Management and Administration</b>	<b>Fundraising</b>	<b>Total</b>
Insurance	\$ 8,345	\$ 5,810	\$ 28	\$ 14,183
Information Technology	1,013,614	4,873	5,000	1,023,487
Marketing and donor development	16,636	-	3,317	19,953
Mentoring and advocacy	4,982,971	-	-	4,982,971
Occupancy	23,654	802	267	24,723
Office and other expenses	38,407	18,332	5,868	62,607
Professional development	143,747	35,954	-	179,701
Professional services	179,953	79,888	22,497	282,338
Provision for depreciation and amortization	-	413	-	413
Salaries, payroll taxes and benefits	955,814	272,316	106,076	1,334,206
Scholarships	430,040	-	-	430,040
Travel and conferences	6,253	10,035	3,345	19,633
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses included in the expense section on the statement of activities	\$ <u>7,799,434</u>	\$ <u>428,423</u>	\$ <u>146,398</u>	\$ <u>8,374,255</u>

The accompanying notes to financial statements are an integral part of these statements

**TSIC, Inc. d/b/a Take Stock in Children, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

---

**Cash Flows from Operating Activities:**

Change in net assets	\$ (59,486)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Provision for depreciation and amortization	413
Realized and unrealized (gain) or loss on investments, net	107,695
(Increase) decrease in assets:	
Grant and other receivables	249,228
Prepaid tuition, net	190,227
Other assets	2,555
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	6,560
Amounts due to subrecipients	(238,828)
Deferred revenue and refundable advances	(219,837)
	<u>38,527</u>
Net cash provided by (used in) operating activities	<u>38,527</u>

**Cash Flows from Investing Activities:**

Proceeds from sales of investments, net	68,959
Purchases of investments, net	(22,490)
	<u>46,469</u>
Net cash provided by (used in) investing activities	<u>46,469</u>
Net increase (decrease) in cash	84,996

<b>Cash, July 1, 2021</b>	<u>4,084,865</u>
<b>Cash, June 30, 2022</b>	<u>\$ 4,169,861</u>

The accompanying notes to financial statements are an integral part of these statements

## Note 1 - Nature of Organization and Significant Accounting Policies

TSIC, Inc. d/b/a Take Stock in Children, Inc. (the "Organization") is an independent nonprofit corporation incorporated in the State of Florida in August 1995. The Organization's primary purpose is to provide postsecondary scholarships, volunteer mentors, college success, and career readiness program services to Florida's low-income, underrepresented students. Students begin their pathway to opportunity through education, starting in middle school through postsecondary college degree attainment to succeed in career and life. To achieve its purpose, the Organization has entered into program agreements with forty-five (45) programs covering sixty-seven (67) Florida counties. This network of regional and statewide program partners provides scholarship funds, volunteer mentors, programmatic services and advocacy and awareness. The Organization's fundraising efforts are concentrated in the State of Florida.

A summary of the Organization's significant accounting policies are as follows:

**Basis of accounting:** The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and 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.

**Basis of presentation:** Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets:** Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

**Cash and cash equivalents:** The Organization considers all highly liquid investments, for general operating purposes, with a maturity of three months or less when purchased to be cash equivalents.

**Promises to give:** The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization had no unconditional or conditional promises to give as of June 30, 2022.

**Receivables and allowance for doubtful accounts:** Other grants and other receivables consist principally of claims not yet reimbursed by various grantor/contract agencies. Receivable balances are unsecured. Management periodically reviews the receivable balances and provides an allowance for amounts which may be uncollectible based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At June 30, 2022, management considered all of its receivable balances to be collectible and no allowance was recorded. Receivables balance at June 30, 2022 and 2021 were \$52,735 and \$301,963, respectively.

**Investments:** Pooled investments represent ownership of a portion of a pooled investment fund maintained at The Miami Foundation. The fund invests primarily in equity, fixed income securities and alternative investments, which are recorded at estimated fair market value based upon quoted prices in markets for identical assets and/or valuations provided by the external investment managers. Realized and unrealized gains and losses are included in the accompanying Statement of Activities and change in net assets.

**Prepaid tuition:** The Organization participates in the Florida Prepaid College Foundation (the "Foundation") - Stanley Tate "Scholarship Tuition for At-Risk Students" (STARS) Scholarship Project whereby the Organization purchases scholarship plans and pays 50% of the scholarship plan contract price. The Foundation provides a matching amount of 50% of the remaining contract price. The scholarship plans are assigned by the Organization to eligible students, defined as designated beneficiaries, who meet the standards specified in the Organization scholarship program. These scholarships are assets of the Organization until such time that designated beneficiaries have exhausted tuition credit hours. The Organization accounts for tuition credit hours and recognizes the tuition expense based on credit hours used by the designated beneficiaries. The amounts recognized by the Organization as assets and expense are based on its 50% share of the scholarship plan contract price. In the event of cancellation or termination of scholarship plans, the Organization is entitled to a refund from the Foundation based on the Organization's share of the value of the unused tuition credit hours. The State of Florida previously passed legislation allowing for the repackaging of partially used scholarships into new scholarships at the current tuition plan value.

**Property and equipment:** It is the Organization's policy to capitalize all purchases and donations of property and equipment with a value in excess of \$ 1,000. Property and equipment are carried at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. Computer, software and other equipment is depreciated on a straight-line basis over the estimated useful lives ranging from three to five years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Statement of Activities for the period.

**Revenue and revenue recognition:** The Organization recognizes grants and contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Grants from governmental agencies are generally billed monthly or quarterly and are derived from units of service and cost-reimbursement contracts. Units of service contract revenues are recognized when the unit of service has been provided in compliance with the specific contract. Revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are recognized when such expenditures are incurred in compliance with specific contract provisions.

Other revenues are recognized when the performance obligation of transferring the products or providing the service are met.

**Deferred revenue and refundable advances:** Revenues received in advance that are not recognized because the allowable costs, as defined by the individual grant or contract, have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other program income that are considered exchange transactions are deferred to the applicable period. Deferred revenues and refundable advances at June 30, 2022 and 2021 were \$ 394,369 and \$ 614,206, respectively.

**Donated goods, facilities and services:** Donated services are recognized, at estimated fair value, as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received.

**Functional allocation of expenses:** The costs of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined by management. The Organization utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

**Note 1 - Nature of Organization and Significant Accounting Policies (continued)**

**Income taxes:** The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "IRC") and is therefore exempt from federal income taxation under Section 501(a) of the IRC. No provision for income taxes was recorded for the year ended June 30, 2022 since the Organization was deemed by management not to have unrelated business income. The Organization is not a private foundation under section 509(a)(1) of the IRC.

**Concentrations of credit risk:** The Organization's assets that are exposed to credit risk consist primarily of cash, investments, and grants and other receivables. Deposits are maintained at financial institutions, and such deposits may, at times, exceed federally insured limits (FDIC). Cash balances are maintained with what management believes to be high-quality financial institutions; therefore, management believes the credit risk related to these balances is minimal. The Organization's endowment fund is held at The Miami Foundation, a community foundation that was created to build permanent charitable endowments in Miami-Dade County. The Organization, from time-to-time, may perform evaluations of these institutions for relative credit standing. Management may also monitor the composition and maturities of investments. Grants and other receivables consist primarily of amounts due from various agencies, private foundations, or corporations. Historically, the Organization has not experienced significant losses related to grants and other receivables, and; therefore, believes that the credit risk related to these receivables is minimal.

**Date of management review:** The Organization has evaluated its June 30, 2022 financial statements for subsequent events through February 14, 2023, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability of Financial Assets**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets, at year end:	
Cash	\$ 4,169,861
Grant and other receivables	52,735
Investments	<u>906,266</u>
Financial assets, at year-end	<u>5,128,862</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Purpose and time restrictions by donor	(473,158)
Perpetual restrictions by donor, net of underwater endowments of \$ 93,734	<u>(906,266)</u>
Financial assets available to meet cash needs for general expenditures within one year and to satisfy certain current liabilities as they become due	\$ <u><u>3,749,438</u></u>

### Note 3 - Endowment Fund

The Helios Education Foundation previously contributed \$ 1,000,000 to an operating endowment fund, with income from the endowment to be utilized for the general support of the Organization. Accordingly, the \$ 1,000,000 original principal amount of the endowment is presented as net assets with donor restrictions, with the annual investment income and changes in fair value reported under change in net assets without donor restrictions.

The endowment fund is held at The Miami Foundation, Inc. (the "Miami Foundation") under an agreement to invest and reinvest the fund exclusively for charitable uses and purposes in accordance with the rules, from time-to-time, adopted by the Miami Foundation regarding the investment and distribution of endowment funds.

At June 30, 2022, the Endowment Fund assets consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Pooled investments (Note 4)	\$ <u>1,000,000</u>	\$ <u>906,266</u>
	\$ <u><u>1,000,000</u></u>	\$ <u><u>906,266</u></u>

The following table presents the endowment-related balances and activities by net asset classification as of and for the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Investment returns:			
Net appreciation/depreciation (realized and unrealized)	\$ (107,695)	\$ -	\$ (107,695)
Interest and dividend income	22,490	-	22,490
Less: Investment fees and other charges, net	<u>(13,959)</u>	<u>-</u>	<u>(13,959)</u>
Total investment returns	<u>(99,164)</u>	<u>-</u>	<u>(99,164)</u>
Transfers in and contributions, net	93,734	-	93,734
Transfers out and expenditures, net	<u>(55,000)</u>	<u>(93,734)</u>	<u>(148,734)</u>
Total change in endowment funds	<u>(60,430)</u>	<u>(93,734)</u>	<u>(154,164)</u>
Endowment net assets, beginning of the year	<u>60,430</u>	<u>1,000,000</u>	<u>1,060,430</u>
Endowment net assets, end of the year	\$ <u><u>-</u></u>	\$ <u><u>906,266</u></u>	\$ <u><u>906,266</u></u>

### Note 3 - Endowment Fund (continued)

**Spending policy:** Under the terms of the agreement with the Miami Foundation, both the principal and earnings of the fund are currently available to the Organization. The Organization, however, is required to maintain compliance with the Helios Education Foundation's endowment/donation terms.

**Funds with deficiencies:** From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with an original gift value of \$ 1,000,000, fair value of \$ 906,266 and deficiencies of \$ 93,734 were reported in net assets with donor restrictions. These amounts have not recovered subsequent to June 30, 2022 due to unfavorable market fluctuations.

### Note 4 - Investments

The Organization states investments at estimated fair value. At June 30, 2022, the entire balance consisted of pooled investments equal to \$ 906,266 (Note 3).

These investments are reported in the accompanying Statement of Financial Position as noncurrent assets. All investments at June 30, 2022 are classified as noncurrent due to donor-imposed restrictions.

Investment income (losses) relative to investments held by the Organization for the year ended June 30, 2022, is comprised of:

Net realized and unrealized gain (loss)	\$	(107,695)
Interest and dividend income		22,490
Investment fees and other charges, net		<u>(13,959)</u>
	\$	<u><u>(99,163)</u></u>

**Fair Value Measurements:** In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, the Organization provides certain required disclosures. ASC No. 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used 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 measurements involving significant unobservable inputs (Level 3 measurements).

The Organization's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- Level 1 - Inputs that are observable and reflect quoted market prices (unadjusted) for identical instruments traded in active markets.



#### Note 4 – Investments (continued)

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Accounting Standards Update (ASU) 2009-12 *Guidance for Measuring Fair Value of Certain Alternative Investments* allows the classification of investments that can be redeemed at a readily determinable net asset value within the near term as Level 2 and all others as Level 3. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. An investment's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At June 30, 2022, the Organization held all level 2 investments with a fair market value of \$ 906,266.

#### Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2022:

Computer, software and other equipment	\$	515,417
Less: Accumulated depreciation and amortization		<u>(515,417)</u>
	\$	<u><u>-</u></u>

#### Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:		
Scholarships	\$	2,034,402
Leaders for Life program		<u>473,158</u>
		<u>2,507,560</u>
Endowment Fund (Note 3):		
Required to be held in perpetuity by donor for specified purpose:		
Helios Education Foundation		1,000,000
Underwater endowments		<u>(93,734)</u>
Total	\$	<u><u>3,413,826</u></u>

**Note 6 - Net Assets with Donor Restrictions (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Expiration of purpose restrictions	
Scholarships	\$ 115,702
Leaders for Life program	286,595
Underwater endowments	<u>93,734</u>
Total	\$ <u>496,031</u>

**Note 7 - Employee Benefit Plan**

The Organization maintains a 403(b) employee benefit plan (the "Plan") covering all employees. Under the Plan, all employees are eligible to participate after one year of employment. The Organization is required to match the employees' contributions up to a maximum of 6% of each employee's salary. The Organization recorded contributions to the Plan of approximately \$ 41,000 and \$ 39,000 for years ended June 30, 2022 and 2021, respectively.

**Note 8 - Related Party Transactions**

During the year ended June 30, 2022, the Organization recorded approximately \$ 269,000 in contributions from board members and their related entities.

**Note 9 - Commitments**

The Organization leases office space payable in monthly installments of approximately \$ 2,000, plus common area maintenance, under a three year, non-cancellable arrangement, which expires in February 2025. The Organization also leases office equipment under the terms of a non-cancelable operating lease, at approximately \$ 220 per month plus excess usage charges, expiring in February 2023.

Estimated future base minimum lease payments, for which there is a future commitment, are expected to be approximately as follows:

Years Ending June 30,	
<u>2023</u>	\$ 26,800
2024	\$ 27,700
2025	\$ 20,500
Thereafter	\$ None

For the year ended June 30, 2022, rent expense in connection with these agreements amounted to approximately \$ 24,700.

#### Note 10 - Contingencies

**Grants and contracts:** The Organization receives financial assistance from federal, state and local agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by grantor agencies. As a result of such audits, the grantor agency may require that amounts be returned. As of June 30, 2022, the Organization had no amounts required to be returned on grants and contracts as a result of noncompliance.

A substantial portion of the Organization's operations are funded from contracts with the State of Florida Department of Education. A significant funding policy change from this funder could have an adverse effect on the Organization's operations.

**Legal matters:** The Organization is subject to claims and litigation arising in the normal course of operations. The Organization believes the outcome of any such claims, if any, should not be material to its financial position.

#### Note 11 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

Cash received during the year for -	
Interest and dividend income	\$ <u>22,490</u>

# SUPPLEMENTAL INFORMATION



TSIC Inc. d/b/a Take Stock in Children  
Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2022

<u>State Agency, Pass-through Entity, State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>Direct Project:</b>				
<u><b>State of Florida Department of Education:</b></u>				
Mentoring/Student Assistance Initiatives	48.068	167-96445-1Q001	\$ 90,537	\$ -
Mentoring/Student Assistance Initiatives	48.068	167-96445-2Q001	<u>6,125,000</u>	<u>4,949,471</u>
		Total 48.068	6,215,537	4,949,471
<u><b>State of Florida Department of Education:</b></u>				
Board of Governors	48.139	BOG-2201	500,000	-
<u><b>State of Florida Department of Highway Safety and Motor Vehicles:</b></u>				
Take Stock in Children	76.126	N/A	<u>7,472</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u><u>6,723,009</u></u>	\$ <u><u>4,949,471</u></u>

See notes to the Schedule of Expenditures of State Financial Assistance.

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the grant activity of TSIC, Inc. d/b/a Take Stock in Children, Inc., (the "Organization"). The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

**Note 3 - Contingency**

Grant and contract revenue is subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the Organization. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable state laws and other regulations.

# INTERNAL CONTROLS AND COMPLIANCE

INDEPENDENT AUDITOR'S 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  
TSIC, Inc. d/b/a Take Stock in Children, Inc.

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 TSIC, Inc. d/b/a Take Stock in Children, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2023.

**Report on Internal Control over Financial Reporting**

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

CPA's + Trusted Advisors



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 or 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, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 14, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors  
TSIC, Inc. d/b/a Take Stock in Children, Inc.

**Report on Compliance for Each Major State Project**

**Opinion on Each Major State Project**

We have audited TSIC, Inc. d/b/a Take Stock in Children, Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state projects for the year ended June 30, 2022. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2022.

**Basis for Opinion on Each Major State Project**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Chapter 10.650, Rules of the Auditor General*. Our responsibilities under those standards and the Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

CPA's + Trusted Advisors

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state projects.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal controls over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
February 14, 2023

## SECTION I - SUMMARY OF AUDITOR'S RESULTS

### Financial Statements

Type of auditor's report issued:

*Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

### State Projects

Internal control over major state projects:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major state projects?

*Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with chapter 10.650?

\_\_\_\_\_ yes        X   no

Identification of major state projects:

CSFA No.

State Projects

48.068      State of Florida Department of Education  
Mentoring/Student Assistance Initiatives

Dollar threshold used to distinguish between Type A and Type B Projects:

\$ 750,000

## SECTION II - FINANCIAL STATEMENT FINDINGS

None

## SECTION III - STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None

## SECTION IV - PRIOR YEAR AUDIT FINDINGS

None Reported.