

FLORIDA FUND FOR MINORITY TEACHERS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

FLORIDA FUND FOR MINORITY TEACHERS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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FLORIDA FUND FOR MINORITY TEACHERS, INC.
Management's Discussion and Analysis

Florida Fund for Minority Teachers, Inc. (the Organization) is a not-for-profit organization whose mission is to increase the number of minority teachers in Florida public schools by providing upperclassmen in teacher education programs with funding to pursue a teaching degree. Upon graduation, each scholar is expected to teach for the same number of years that they receive the scholarship, or repay the money to the Organization.

In 2017-18, the Organization had disbursements of \$871,908 in scholarships to minority college students throughout the State of Florida. This amount brings the total amount of scholarships disbursed by the Organization to over \$40 million since 1996. Because of the Organization's continued support of education students, it has been verified that approximately 70% of former scholars have taught or are currently teaching in the State of Florida.

Financial Statements

Statement of Financial Position

From June 30, 2017 to June 30, 2018, the Organization's cash position decreased by \$86,196, primarily the result of having expended an additional \$92,000 in scholarships from its Scholarships Payable account.

When a scholar does not teach for the same number of years that they receive the scholarship meet the regulations for the Minority Teacher Education Scholarship (MTES) require the Organization to establish a note receivable from the scholar and charge interest at 8% beginning the first day of the 13th month after the month in which the recipient completes an approved teacher education program or in which enrollment as a full-time student is terminated. This excludes those students who have been approved for a deferment. No interest accrues during a deferment period.

Notes receivable at June 30, 2018 decreased \$916,115 or 86% from June 30, 2017 and interest receivable decreased \$884,584 or 98% from June 30, 2017. These decreases are the result of the Organization's efforts to trace the status of former scholars. To assist in these efforts the organization contracted the services of a collection agency to locate the scholars and assist in its determination of whether the alumni of the program fulfilled their obligations, are eligible for a deferral of their payment obligations, or are required to make payments on a loan as the result of not teaching in a Florida public school. Efforts have also resulted in the write-off of amounts receivable due to the length of time since a verifiable address existed. The collective efforts of the Organization and the collection agency have resulted in the organization writing off many notes receivable, the related interest receivable as well as the scholarship payable amount that would have been available had the notes and interest been fully collectable.

Over the last several years as a result of these efforts by the collection agency, the Organization has been able to implement a better system for the accountability of scholars and in recent years has noticed scholars becoming more accountable for reporting their teaching status under the program.

Notes Receivable reflects the total scholarship dollars owed to the Organization by alumni of the program who have not reported that they are teaching in a Florida public school. Interest Receivable shows the total amount of interest owed to the Organization by these same individuals. The amounts reflected in the statement of financial position as of June 30, 2018 now more accurately reflect the amounts that can be reasonably expected to be received from the former scholars who have notes and

interest receivable. In addition, the related scholarships payable reflects the amounts that are currently able to be funded as well as the amounts that can be funded in the future from the collection of the notes receivable.

It should be noted that many of the accounts for delinquent scholars that had been submitted to the collection agency have now been closed as those scholars who previously had not reported their teaching service did so once they became aware that their negative account standing was appearing on their credit report. Once an account that has been submitted to collections is closed because the teaching service has been verified, that account is removed from collections and it is accordingly reported on each individual's credit report.

Scholarships Payable represents the budgeted amount of scholarships that have been returned or repaid and will be disbursed again. Because scholars who end up not teaching are essentially giving back the money they received, the Organization allots those funds to be redistributed as scholarships in the future. When a debit is made to Notes Receivable for scholarships that will be repaid if scholars have not been teaching, the corresponding credit is made to Scholarships Payable. Thus, any increase in Notes Receivable will result in a corresponding increase to Scholarship Payable. For the 2017-18 fiscal year, there was an overall decrease of 89% in Scholarships Payable primarily the result of the collaboration with the collection agency on the notes receivable and the need to reduce the corresponding scholarship payable amount since without the funding of the note receivable the scholarship will not be paid in the future. Another decrease in Scholarships Payable can be attributed to the funding agency's approval of an annual conversion of \$100,000 in Scholarships Payable to assist in covering administrative costs. At June 30, 2018 approximately \$100,000 of Scholarships Payable remains available to be converted to cover administrative costs, similar to the amounts permitted by the funding agency the last several years.

Statement of Activities and Changes in Net Assets

Funding for the 2017-18 fiscal year was \$917,798 with \$871,908 budgeted towards MTES disbursements and \$45,890 budgeted for administrative expenses. Funding for the 2018-19 fiscal year has also been approved at \$917,798 with the same distributions budgeted for Minority Scholarships and administrative expenses. As in the previous five years, \$100,000 of Scholarships Payable has been allocated to help cover administrative expenses in 2018-19 which will offset some of the burden placed on the Organization by the reduction in budget over the years.

As a result of the collection efforts noted in the Statement of Financial Position section, the organization recognized only \$23,534 in interest income for the year ended June 30, 2018 compared to \$62,039 for the year ended June 30, 2017. This reflects a more accurate amount from program alumni who are paying on their notes.

The Organization was able to revisit the centralized version of the Recruitment & Retention Symposium once again this year in lieu of the decentralized regional symposiums offered in previous years. The symposium was held in Orlando at the University of Central Florida, and the total expenses for the symposium amounted to \$12,639. These expenses were partially offset by the total registration fees, \$5,439, that were paid by those district recruiters who were in attendance. The symposium continues to prove to be an effective method of delivering the required training and recruitment opportunities to the Organization's scholars, while keeping the total costs of the symposium as low as possible. Likewise, it adds value by providing an opportunity for scholars and former scholars to connect with Florida school districts so that the students may obtain acceptable employment and complete their required years of teaching.

The gross totals for Minority Teacher Education Scholarships disbursed for 2017-18 and 2016-17 were \$958,000 and \$866,000 respectively. The 2017-18 amount disbursed is slightly higher than the \$871,908 budgeted amount, and was disbursed from funds held in reserve in Scholarships Payable. The Organization continues to take steps to ensure that it will meet or exceed the projected number of scholars for the 2018-19 fiscal year. In recent years, the Organization has had to guard against over-recruiting because of a lack of certainty surrounding its funding. Nevertheless, it is the Organization's intention to continue to use funds that are encumbered in Scholarships Payable to fund as many additional scholars as is prudent.

Overall revenues for the year ended June 30, 2018 were \$119,595 less than for the year ended June 30, 2017 mainly due to the funding agency having allowed an additional \$150,000 to be converted from Scholarship payable to cover expenses of the Organization. This was offset by the decrease in interest income of approximately \$40,000 and an increase in revenues of approximately \$71,000 resulting from a change in the estimate for bad debts arising from the collaborative efforts of the Organization and the collection agency. The Organization's program services and supporting services expenses remained consistent between years. The effect of the change in revenues and expense resulted in a change in net assets for the year ended June 30, 2018 of \$34,197 compared to \$135,352 for the year ended June 30, 2017.

Outlook

The Organization hopes to remain in a position to continue providing funding to students throughout the State of Florida for years to come. A very important part of fulfilling the Organization's mission is the recent change in the legislation that will allow the Organization to fund students beyond those just in their junior and senior years. Previously, an applicant for the MTES had to enroll in their junior year. With the new changes, students may receive the scholarship if applying during their senior year as long as they have not obtained more than 18 upper division credit hours in education. Additionally, graduate students may apply if they have a major in education.

Again, the appropriation from the State of Florida for the 2018-19 fiscal year is \$917,798. While this amount remains the same as the preceding year's appropriation, the reduced budget still poses a unique challenge for the Organization both now and in the future. Past budget reductions, and those that may occur in the future, not only limit the amount of scholarship funds available for disbursement, but they also significantly reduce the amount of income for administrative expenses that the Organization will have at its disposal. Because Florida statute dictates that 5% of the funds appropriated for the MTES program be used towards the administration of the Organization, any reduction in the overall budget further limits the budget for the Organization's administration.

The original staff of the Organization required an Executive Director, a Program Coordinator, and a Secretary to manage the program. However, as the number of scholars and former scholars grew, the responsibilities of the Organization's staff grew as well. This warranted the addition of a Graduate Records/Collections Manager and an Accountant to the office staff to help meet the rising needs of the Organization's administration. These additional costs, compounded with decreases in its operating budget, have previously caused the Organization to be severely hampered in its ability to expand and grow. Because of budget cuts, the Organization has had to eliminate the full-time Program Coordinator and Accountant positions as well as that of the Graduate Records/Collections Manager.

The Organization is working with bankers at its financial institution to see how the funds that it currently has can be invested to generate a greater amount of interest for use in operations. However, the stipulations surrounding any investment that the Organization may participate in are that the funds remain relatively liquid and that there is no chance of loss. With these guidelines, the Organization will

likely earn less than if the money was invested in riskier, more long-term vehicles. However, the preservation of the funds that have to be issued as scholarships in the future is of paramount importance.

As previously mentioned, the State of Florida allows the Organization to allocate \$100,000 of its Scholarships Payable balance to the use of administrative costs on a yearly basis. This has been a very important allowance and has been very useful in helping the Organization to meet its goals and implement a new software program to better track scholars. However, other sources of funding are still greatly needed, as the use of these funds continually decreases the amount that the Organization has in reserves for future scholarships.

For this reason, the Organization is still seeking other sources of funding besides what is provided by the FLDOE. These sources include, but are not limited to, donations from former scholars, sponsors and donors to reinstate the centrally located Annual Recruitment and Retention Symposium, corporate sponsors, and operational and program grants. This may potentially allow the Organization to administer other forms of financial assistance and further offset some of its current administrative costs. However, the difficulty with seeking additional funds of any sort is that effective fundraising requires additional time and expense, both of which the Organization has scant amounts in reserve.

The Organization continues to face the ongoing challenge of tracking graduates and people who otherwise cease to be active in the program. The Organization may sometimes lose contact with some of its scholars after they leave school and can become unaware of whether or not they are fulfilling their obligations to teach. However, efforts are continuously being made to track these individuals through the FLDOE, Florida's school districts and participating universities and colleges. We continue to make improvements in this area with the implementation of a student account management system and the ongoing collaboration with the collection agency.

Previously, the Organization's Board of Directors approved a new Collections Policy. This policy outlines how delinquent and unaccountable scholars will have 90 days to respond to the Organization's attempts to contact them and resolve the issues surrounding their account before they are sent to a collections agency. While the amount collected thus far seems minimally successful, the attempts by the agency to collect have resulted in a large number of accounts being closed because formerly delinquent scholars began to report their teaching service. The collections agency has indicated that it is unable to effectively collect on some of the Organization's older accounts (5+ years).

The Organization anticipates that throughout the course of 2018-19 its efforts will result in additional collections of principal and interest on notes receivable and that more unaccountable accounts will be located and the files closed as result of scholars having fulfilled their teaching service. The goal of these ongoing efforts is to further validate the success of the Minority Teacher Education Scholarship program in providing scholarships to students who ultimately teach in Florida's public schools.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Florida Fund For Minority Teachers, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Fund For Minority Teachers, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Fund For Minority Teachers, Inc. as of June 30, 2018 and 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-iv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019 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 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 the Organization's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Financial Awards Required by Chapter 10.650, Rules of the Auditor General, State of Florida

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of financial awards is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General, State of Florida, 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.

Becker + Associates, PA

Certified Public Accountants
January 24, 2019

FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash	\$ 417,569	\$ 503,765
Notes receivable from scholarships in default, net of allowance	157,485	1,073,600
Interest receivable from scholarships in default, net of allowance	19,164	903,748
Prepaid expenses	13,909	53,095
Property and equipment, net of accumulated depreciation	57,589	64,086
Total Assets	\$ 665,716	\$ 2,598,294
LIABILITIES AND NET ASSETS		
LIABILITIES		
Scholarships payable	\$ 263,668	\$ 2,230,443
Total Liabilities	263,668	2,230,443
Net Assets		
Unrestricted, undesignated	402,048	367,851
Restricted	-	-
Total Net Assets	402,048	367,851
Total Liabilities and Net Assets	\$ 665,716	\$ 2,598,294

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2018 AND 2017

	2018	2017
<i>Changes in Unrestricted Net Assets</i>		
REVENUES		
Minority Teacher Scholarship Program	\$ 917,798	\$ 917,798
Converted Scholarship Payable	100,000	250,000
Change in bad debt estimate	71,246	-
Interest Income	23,534	62,039
Other Income	5,461	7,797
Total Revenues	1,118,039	1,237,634
EXPENSES		
<i>Program Services</i>	1,026,343	1,046,008
<i>Supporting Services</i>		
Management & General	56,450	56,155
Fundraising	1,049	119
Total Support Services	57,499	56,274
Total Expenses	1,083,842	1,102,282
CHANGE IN NET ASSETS	34,197	135,352
NET ASSETS, beginning of year	367,851	232,499
NET ASSETS, end of year	\$ 402,048	\$ 367,851

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Scholarships</u>	<u>Management & General</u>	<u>Fundraising</u>		
Salaries, benefits & taxes	\$ 83,002	\$ 37,738	\$ 961	\$ 121,701	
Scholarships	871,908	-	-	871,908	
Office expenses	4,502	2,047	52	6,601	
License fees	32,000	-	-	32,000	
Postage and delivery	1,107	180	-	1,287	
Professional fees	9,000	4,500	-	13,500	
Telephone	3,081	1,401	36	4,518	
Travel, conferences & meetings	15,031	10,584	-	25,615	
Total expenses before depreciation and interest expense	1,019,631	56,450	1,049	1,077,130	
Depreciation	6,712	-	-	6,712	
Total expenses	<u>\$ 1,026,343</u>	<u>\$ 56,450</u>	<u>\$ 1,049</u>	<u>\$ 1,083,842</u>	

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Scholarships</u>	<u>Management & General</u>	<u>Fundraising</u>		
Salaries, benefits & taxes	\$ 104,810	\$ 41,777	\$ -		\$ 146,587
Scholarships	866,000	-	-		866,000
Office expenses	6,534	2,950	-		9,484
License fees	32,000	-	-		32,000
Postage and delivery	1,539	251	-		1,790
Professional fees	4,488	4,312	-		8,800
Telephone	3,281	553	119		3,953
Travel, conferences & meetings	27,014	4,072	-		31,086
Total expenses before depreciation and interest expense	1,045,666	53,915	119		1,099,700
Depreciation	342	-	-		342
Interest	-	2,240	-		2,240
Total expenses	<u>\$ 1,046,008</u>	<u>\$ 56,155</u>	<u>\$ 119</u>		<u>\$ 1,102,282</u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for scholarships	\$ 917,798	\$ 917,798
Cash received from notes receivable	43,890	41,434
Cash received for interest	11,694	13,885
Cash received from returned scholarships	52,000	68,000
Cash received for loan repayments	6,767	13,209
Other operating receipts	5,461	7,797
Cash paid to suppliers and employees	(165,591)	(215,269)
Cash paid for interest	-	(2,240)
Cash paid for scholarships	(958,000)	(866,000)
	(85,981)	(21,386)
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(215)	(13,652)
	(215)	(13,652)
Net Cash Provided (Used) by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on bank loan	-	(125,567)
	-	(125,567)
Net Cash Provided (Used) by Financing Activities		
Net increase (decrease) in cash	(86,196)	(160,605)
Cash, beginning of year	503,765	664,370
Cash, end of year	\$ 417,569	\$ 503,765
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 34,197	\$ 135,352
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	6,712	342
Change in bad debt estimate	71,246	-
Notes receivable written off	872,225	49,312
Interest receivable written off	824,732	-
Scholarship payable written off	(1,839,449)	-
Converted scholarship payable	(100,000)	(250,000)
(Increase) decrease in notes receivable	43,890	41,434
(Increase) decrease in interest receivable	(11,394)	(47,716)
(Increase) decrease in prepaid expenses	39,186	27,484
Increase (decrease) in accrued liabilities	-	(9,492)
Increase (decrease) in scholarships payable	(27,326)	31,898
	(120,178)	(156,738)
Total Adjustments		
Net Cash Provided (Used) by Operating Activities	\$ (85,981)	\$ (21,386)

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE A - DESCRIPTION OF ORGANIZATION

The Florida Fund for Minority Teachers, Inc. (the Organization) is a governmental not-for-profit corporation organized in 1997 pursuant to Florida Senate Bill 0002. The Organization was established to assist Florida's higher education institutions in the recruitment, retention, and graduation of minority teacher scholars.

The Organization's program services include awarding Minority Teacher Education Scholarships, which are aimed at increasing the number of minority teachers in Florida's public schools.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Net assets and revenues, expenses, gains, and losses are classified based on the existence of externally imposed constraints by creditors, grantors, contributors, or laws/regulations of other governments placed on them. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to externally imposed constraints including restricted contributions whose restrictions are met in the same reporting period.

Restricted net assets - Net assets are restricted when externally imposed constraints by creditors, grantors, contributors, or laws/regulations of other governments are placed on them or constraints are imposed by law through constitutional provisions or enabling legislation.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of each asset – furniture, fixtures and equipment, 5 years. Generally, acquisitions of property and equipment in excess of \$500 are capitalized.

Donated Materials

Donated materials or equipment, when received, are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt.

Read Report of Independent Certified Public Accountants.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes Receivable

Notes receivable represents amounts due from scholarship recipients that have failed to meet the requirements of the scholarship program. The graduates of the program are required to teach for one year in a Florida public school for each year they received scholarships. If they do not graduate within three years, or graduates do not teach in a Florida public school, they are required to repay the total amount of the scholarships they received with interest at eight percent annually. Interest begins accruing the first day of the thirteenth month after the month in which the recipient completed an approved teacher education program or after the month in which enrollment as a full-time student was terminated. The scholarship must be repaid within 10 years of the date of graduation or termination of full-time enrollment. In the event of default on this scholarship, the entire unpaid balance, including interest accrued, will become due and payable at the option of the Organization. Due to the nature of the terms of repayment outlined above Notes Receivable are presented as non-current in the financial statements. Repayment terms are based on the individual's ability to pay with the only stipulation that it must be paid in ten years.

Scholarships Payable

Scholarships payable consists of monies returned to the Organization by the participating universities because of subsequent ineligibility of scholarship recipients. These monies are available for future scholarships to applicants meeting the eligibility requirements of the scholarship program. The payable also includes amounts that were distributed to applicants that defaulted on the terms of the scholarship and must now repay the Organization the scholarships awarded.

Converted Scholarships Payable

During the year ended June 30, 2018 and 2017 the Florida Department of Education allowed the Organization to use amounts previously recorded as scholarships payable to pay administration expenses of the Organization. The amount totaled \$100,000 for each of the years ended June 30, 2018 and 2017.

During the year ended June 30, 2017, the Florida Department of Education allowed the Organization to use an additional \$150,000 previously recorded as scholarships payable to pay for the development of the new student account management system.

The impact of these transactions was to decrease scholarships payable and increase revenue since the Organization was relieved of the scholarship obligation.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and accounts receivable. The Organization places its cash with creditworthy, high quality financial institutions. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit totaled \$77,476 and \$202,073 at June 30, 2018 and 2017, respectively. The Organization has not experienced any losses on its deposits.

For the year ended June 30, 2018, approximately 91% of the Organization's total revenues were from the Florida Department of Education pursuant to the Minority Teacher Education Scholarship Program (94% for the year ended June 30, 2017).

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the statement of functional expenses. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative and general expenses are allocated to programs based on salaries.

Income Tax Status

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a publicly supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended June 30, 2018 and 2017.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2018.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2015.

Fair Value of Financial Instruments

Professional standards require disclosure of fair value information about financial instruments for which it is practicable to estimate that value. The carrying amounts of cash and money market accounts approximate fair value due to the short maturity of those instruments. The fair value of the Organization's notes receivable carrying value approximates fair value.

Read Report of Independent Certified Public Accountants.

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE C - NOTES RECEIVABLE AND INTEREST RECEIVABLE

	<u>2018</u>	<u>2017</u>
Notes receivable from defaulted scholarship recipients. The notes are unsecured, and must be paid within 10 years of default on scholarship with interest accruing at 8%.	\$ 157,485	\$ 6,000,989
Interest receivable on notes from defaulted scholarships.	19,164	4,038,375
Less allowance	<u>-</u>	<u>(8,062,016)</u>
	<u>\$ 176,649</u>	<u>\$ 1,977,348</u>

For the year ended June 30, 2017, the Organization estimated that 20% of the receivables would be collected because the majority of defaults are former scholars that have failed to report that they are teaching in a Florida public school in compliance with their scholarship awards.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment, at cost, at June 30,:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 23,303	\$ 23,920
Furniture and Fixtures	11,076	11,076
Office Equipment	1,465	1,650
Computer software	<u>62,792</u>	<u>62,792</u>
Total Property and Equipment	98,636	99,438
Less: Accumulated Depreciation	<u>(41,047)</u>	<u>(35,352)</u>
Net Property and Equipment	<u>\$ 57,589</u>	<u>\$ 64,086</u>

NOTE E - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION AND OTHER REPORTS

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
JUNE 30, 2018**

Description	Total Contract Amount	CSFA No.	Contract No.	State Expenditures
GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE				
<u>STATE ASSISTANCE</u>				
FLORIDA DEPARTMENT OF EDUCATION				
Education Enhancement Lottery Trust Fund for Minority Teacher Scholarship Program	\$ 917,798	48.049	90460	\$ <u>917,798</u>
				<u>\$ 917,798</u>

NOTE 1. Basis of Presentation

The accompanying schedule of expenditures of financial awards includes the state grant activity of Florida Fund for Minority Teachers, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650 Rules of the Auditor General, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
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 Florida Fund For Minority Teachers, Inc.
Gainesville, 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 Florida Fund For Minority Teachers, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. 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*.

3339 W. Bearss Ave. ■ Tampa, FL 33618 ■ Phone: (813) 908-5310 ■ Fax: (813) 908-5402

Member: American Institute of Certified Public Accountants ■ Florida Institute of Certified Public Accountants

www.reeder-cpa.com

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.

Reeder + Associates, PA

Certified Public Accountants
January 24, 2019



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To Florida Fund For Minority Teachers, Inc.
Gainesville, Florida

Report on Compliance for Each Major State Project

We have audited Florida Fund For Minority Teachers, Inc. (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 each of the Organization's major state projects for the year ended June 30, 2018. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards, and Chapter 10.650, Rules of the Auditor General, State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

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, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

Becker & Associates, PA

Certified Public Accountants
January 24, 2019

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Florida Fund For Minority Teachers, Inc. (the Organization).
2. There were no significant deficiencies disclosed during the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit of the basic financial statements.
4. There were no significant deficiencies disclosed during the audits of the major state financial assistance projects.
5. The auditor's report on compliance for the major state financial assistance projects for the Organization expresses an unmodified opinion.
6. There were no audit findings relative to the major state financial assistance projects of the Organization.
7. The projects tested as major projects included:

State:

Florida Department of Education

48.049 Education Enhancement Lottery Trust Fund
for Minority Teacher Scholarship Program

\$917,798

8. The threshold for distinguishing Type A and Type B projects was \$275,340 for major state financial assistance projects.

FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS

NONE

OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

**F. MANAGEMENT LETTER - CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA
NO ITEMS REQUIRED TO BE REPORTED**

G. CORRECTIVE ACTION PLAN

NOT APPLICABLE AS NO ITEMS REPORTED