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

Financial Statements
and Additional Information
For the Year Ended June 30, 2021

Keefe McCullough
CPA's + Trusted Advisors

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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. 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 entity'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 entity'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 Organization as of June 30, 2021, 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

Other 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 March 15, 2022, 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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 15, 2022

FINANCIAL STATEMENTS

TSIC, Inc. d/b/a Take Stock in Children, Inc.
Statement of Financial Position
June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets:			
Current assets:			
Cash	$ 3,679,130	$ 405,735	$ 4,084,865
Grant and other receivables	301,963	-	301,963
Total current assets	3,981,093	405,735	4,386,828
Noncurrent assets:			
Investments	60,430	1,000,000	1,060,430
Prepaid tuition	330,185	2,150,104	2,480,289
Property and equipment, net	413	-	413
Other assets	14,930	-	14,930
Total noncurrent assets	405,958	3,150,104	3,556,062
Total assets	$ 4,387,051	$ 3,555,839	$ 7,942,890
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	$ 150,338	$ -	$ 150,338
Amounts due to subrecipients	1,521,983	-	1,521,983
Deferred revenue and refundable advances	614,206	-	614,206
Total current liabilities	2,286,527	-	2,286,527
Total liabilities	2,286,527	-	2,286,527
Net Assets:			
Without donor restrictions:			
Undesignated	2,100,524	-	2,100,524
With donor restrictions:			
Purpose and time restrictions	-	2,555,839	2,555,839
Perpetual in nature	-	1,000,000	1,000,000
Total net assets	2,100,524	3,555,839	5,656,363
Total liabilities and net assets	$ 4,387,051	$ 3,555,839	$ 7,942,890

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets:			
Public support and revenues:			
Grants from the State of Florida	$ 6,034,463	$ -	$ 6,034,463
Contributions and grants from private sources	1,464,807	447,025	1,911,832
Investment income (loss), net	261,929	15,202	277,131
Forgiveness of debt - Paycheck Protection Program	232,999	-	232,999
Other income	1,110	-	1,110
Total public support and revenues	7,995,308	462,227	8,457,535
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	288,177	(288,177)	-
Total public support, revenues and net assets released from restrictions	8,283,485	174,050	8,457,535
Expenses:			
Program services:			
Scholarship and mentoring programs	7,000,500	-	7,000,500
Supporting services:			
Management and administration	296,653	-	296,653
Fundraising	88,632	-	88,632
Total supporting services	385,285	-	385,285
Total expenses	7,385,785	-	7,385,785
Change in net assets	897,700	174,050	1,071,750
Net Assets, July 1, 2020	2,272,900	3,448,667	5,721,567
Transfer of Net Assets to a Non-Profit Organization (Note 14)	(1,070,076)	(66,878)	(1,136,954)
Net Assets, June 30, 2021	$ 2,100,524	$ 3,555,839	$ 5,656,363

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, 2021

	Scholarship and Mentoring Programs	Supporting Services: Management and Administration	Supporting Services: Fundraising	Total
Insurance	$ 9,842	$ 5,810	$ 123	$ 15,775
Marketing and donor development	12,425	-	5,409	17,834
Mentoring and advocacy	5,026,257	-	-	5,026,257
Occupancy	22,681	820	273	23,774
Office and other expenses	247,085	18,066	6,005	271,156
Professional development	27,435	3,461	-	30,896
Professional services	143,307	69,425	14,000	226,732
Provision for depreciation and amortization	-	549	-	549
Salaries, payroll taxes and benefits	931,792	198,155	62,700	1,192,647
Scholarships	579,641	-	-	579,641
Travel and conferences	35	367	122	524
Total expenses included in the expense section on the statement of activities	$ 7,000,500	$ 296,653	$ 88,632	$ 7,385,785

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, 2021

Cash Flows from Operating Activities:		
Change in net assets	$	1,071,750
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation and amortization		549
Realized and unrealized (gain) or loss on investments, net		(275,373)
Proceeds transferred to a non-profit organization		(252,912)
Extinguishment of debt - Paycheck Protection Program		(232,999)
(Increase) decrease in assets:		
Grant and other receivables		(121,756)
Prepaid tuition, net		52,065
Other assets		1,671
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		20,538
Amounts due to subrecipients		243,479
Deferred revenue and refundable advances		(19,694)
Net cash provided by (used in) operating activities		487,318
Cash Flows from Investing Activities:		
Proceeds from sales of investments, net		15,327
Purchases of investments, net		(15,586)
Net cash provided by (used in) investing activities		(259)
Net increase (decrease) in cash		487,059
Cash, July 1, 2020		3,597,806
Cash, June 30, 2021	$	4,084,865

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.

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

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

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, 2021.

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, 2021, management considered all of its receivable balances to be collectible and no allowance was recorded. Receivables balance at June 30, 2021 and 2020 were $301,963 and $180,207, 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.

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

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.

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, 2021 and 2020 were $614,206 and $633,900, respectively.

Debt – Paycheck Protection Program: In accordance with the guidance of the AICPA, in Q&A Section 3200, the Organization has the option to report the proceeds of this forgivable loan program under FASB *Accounting Standards Codification (ASC) 470, Debt or FASB Accounting Standards Codification (ASC) 958-605, Revenue Recognition*, as a conditional contribution. The Organization's management has elected to follow the provisions of ASC 470 in which the loan proceeds will remain recorded as a liability until the loan is, in part or wholly, forgiven and has been legally released or the loan is paid off to the creditor.

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

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.

Donated supplies, utilities, facilities space, professional services and other items are reflected in the accompanying financial statements at their estimated values at the date of receipt. The scholarship and mentoring programs mainly benefit from these contributions.

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.

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, 2021 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, 2021 financial statements for subsequent events through March 15, 2022, 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	$	4,084,865
Grant and other receivables		301,963
Investments		1,060,430
Financial assets, at year-end		5,447,258
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose and time restrictions by donor		(405,735)
Perpetual restrictions by donor		(1,000,000)
Financial assets available to meet cash needs for general expenditures within one year and to satisfy certain current liabilities as they become due	$	4,041,523

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. In November 2015, the Organization received authorization from the Helios Education Foundation to withdraw up to $ 450,000 against this endowment fund to assist with the Organization's temporary working capital needs. In April 2016, a draw for $ 450,000 was made from the endowment fund. Management of the Organization and the Helios Education Foundation agreed to the following repayment schedule: $ 120,000 annually from the date of the draw with a final payment to be made by December 2019 for the remaining balance. In August 2018, the management of the Organization and the Helios Education Foundation entered into another agreement whereby the outstanding balance of $200,000 is to be used to fund the Take Stock in College program until a reimbursement is received from the Organization. During the year ended June 30, 2021, the outstanding balance of $200,000 was fully repaid.

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, 2021, the Endowment Fund assets consist of the following:

		Cost		Fair Value
Pooled investments (Note 4)	$	1,000,000	$	1,060,430
	$	1,000,000	$	1,060,430

Note 3 - Endowment Fund (continued)

The following table presents the endowment-related balances and activities by net asset classification as of and for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Investment returns:			
Net appreciation/depreciation (realized and unrealized)	$ 275,373	$ -	$ 275,373
Interest and dividend income	15,586	-	15,586
Less: Investment fees and other charges, net	(13,828)	-	(13,828)
Total investment returns	277,131	-	277,131
Transfers in and contributions, net	-	15,202	15,202
Transfers out and expenditures, net	(216,701)	-	(216,701)
Total change in endowment funds	60,430	15,202	75,632
Endowment net assets, beginning of the year	-	984,798	984,798
Endowment net assets, end of the year	$ 60,430	$ 1,000,000	$ 1,060,430

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.

Note 4 - Investments

The Organization states investments at estimated fair value. At June 30, 2021, the entire balance consisted of pooled investments equal to $ 1,060,430 (Note 3).

These investments are reported in the accompanying Statement of Financial Position as noncurrent assets. All investments at June 30, 2021 are classified as noncurrent due to donor-imposed restrictions.

Note 4 - Investments (continued)

Investment income (losses) relative to investments held by the Organization for the year ended June 30, 2021, is comprised of:

Net realized and unrealized gain (loss)	$	275,373
Interest and dividend income		15,586
Investment fees and other charges, net		(13,828)
	$	277,131

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.
- 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, 2021, the Organization held all level 2 investments with a fair market value of $ 1,060,430.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Computer, software and other equipment	$	515,417
Less: Accumulated depreciation and amortization		(515,004)
	$	413

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	$	2,150,104
Leaders for Life program		405,735
		2,555,839
Endowment Fund (Note 3):		
Required to be held in perpetuity by donor for specified purpose:		
Helios Education Foundation		1,000,000
Total	$	3,555,839

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	$	11,904
Leaders for Life program		276,273
Total	$	288,177

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 $ 38,912 for year ended June 30, 2021.

Note 8 - Related Party Transactions

During the year ended June 30, 2021, the Organization recorded approximately $ 150,000 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 expired in October 2020 and was renewed for an additional year under substantially the same terms. 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,		
2022	$	9,500
2023	$	1,800
Thereafter	$	None

For the year ended June 30, 2021, rent expense in connection with these agreements amounted to approximately $ 23,800.

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, 2021, 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	$	15,586

Note 12 - Paycheck Protection Program

On May 11, 2020, the Organization executed a promissory note for $ 242,999 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan bears interest at a rate of 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization maintains certain employment levels during a specified period of time. If the Small Business Administration ("SBA") confirms full forgiveness of the unpaid balance of the note, the Organization's obligation under this arrangement will be deemed fully satisfied. The Organization remains obligated to repay to the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from the SBA. If the Organization does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity. On December 11, 2020, the SBA deemed the Organization's obligation under the PPP arrangement satisfied and confirmed the full forgiveness of the outstanding balance of the note, with the exception of $ 10,000 which is repayable under the terms of the Economic Injury Disaster Loans ("EIDL") program.

Subsequent to the year end, on November 11, 2021, the SBA deemed the Organization's obligation under the EIDL program satisfied and confirmed the full forgiveness of the outstanding balance of the note.

Note 13 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

Note 14 – Transfer of Net Assets

Effective July 1, 2020, the Broward County program spun-off its operations from the Organization. During the year ended June 30, 2021, net assets of this program in the amount of $ 1,136,954 were transferred to another agency.

SUPPLEMENTAL INFORMATION

Keefe McCullough

CPA's + Trusted Advisors

TSIC Inc. d/b/a Take Stock in Children
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2021

State Agency, Pass-through Entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Direct Project:				
State of Florida Department of Education:				
Mentoring/Student Assistance Initiatives	48.068	167-96445-1Q001	$ 6,034,463	$ 4,999,256
State of Florida Department of Highway Safety and Motor Vehicles:				
Take Stock in Children	76.126	N/A	8,079	-
Total Expenditures of State Financial Assistance			$ 6,042,542	$ 4,999,256

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.

Note 4- Prior Year Expenditures

The Schedule includes financial assistance from the Florida Department of Highway Safety and Motor Vehicles in the amount of $8,079 that represents expenditures from the 2020 fiscal year.

INTERNAL CONTROLS AND COMPLIANCE

Keefe McCullough
CPA's + Trusted Advisors

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, 2021, 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 March 15, 2022.

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.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 15, 2022

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

We have audited 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, 2021. 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 state statutes, regulations, and the terms and conditions of its state awards 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 the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General,* 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, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the 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*, 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses 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.

Purpose of this Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 15, 2022

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.