

**LEXINGTON COUNTY SCHOOL DISTRICT ONE
EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

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YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lexington County School District One Educational Foundation
Lexington, South Carolina

We have audited the accompanying financial statements of Lexington County School District One Educational Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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. 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.

(Continued on next page)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lexington County School District One Educational Foundation as of June 30, 2018, 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.

Burkett Burkett & Burkett
BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
November 5, 2018

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON , SOUTH CAROLINA**

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018

ASSETS

Cash and Cash Equivalents \$ 1,412,012

TOTAL ASSETS \$ 1,412,012

NET ASSETS

Unrestricted \$ 160,585

Temporarily Restricted 1,141,427

Permanently Restricted 110,000

TOTAL NET ASSETS \$ 1,412,012

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

LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
 LEXINGTON , SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

REVENUES	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support:				
Contributions	\$ 7,478	\$ 294,391	\$ -	\$ 301,869
Other Revenue:				
Gain/Loss on Investments	95,520	-	-	95,520
Administrative Fees	438	-	-	438
Net Assets Released From Restrictions:				
Restrictions Satisfies by Payments	188,130	(188,130)	-	-
TOTAL REVENUES	<u>291,566</u>	<u>106,261</u>	<u>-</u>	<u>397,827</u>
EXPENSES				
Community Services:				
Scholarships and Other Objects	142,556	-	-	142,556
Purchased Services	9,664	-	-	9,664
Salaries	56,064	-	-	56,064
Benefits	19,745	-	-	19,745
Supplies	35,081	-	-	35,081
TOTAL EXPENSES	<u>263,110</u>	<u>-</u>	<u>-</u>	<u>263,110</u>
CHANGES IN NET ASSETS	28,456	106,261	-	134,717
NET ASSETS, Beginning of Year	<u>132,129</u>	<u>1,035,166</u>	<u>110,000</u>	<u>1,277,295</u>
NET ASSETS, End of year	<u>\$ 160,585</u>	<u>\$ 1,141,427</u>	<u>\$ 110,000</u>	<u>\$ 1,412,012</u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON , SOUTH CAROLINA**

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 134,717
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>134,717</u>
NET INCREASE IN CASH	134,717
CASH, Beginning of Year	<u>1,277,295</u>
CASH, End of year	<u><u>\$ 1,412,012</u></u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lexington County School District One Educational Foundation (the “Foundation”) was established for the purpose of generating and managing donated funds exclusively for the benefit of Lexington County School District One (the “School District”). In addition, the School District’s Board of Trustees can significantly influence the operations of the Foundation. As a result, the Foundation’s financial statements are included in those of the School District as a blended component unit.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations and represent the operations of the Foundation.

Net assets and revenues and expenses are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted, and unrestricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Foundation’s management to make estimates and assumptions. These estimates and assumptions affect the 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.

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from the federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

In August 2016, the FASB amended the Not-for-Profit Entities Topic of the Accounting Standards Codification to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The amendments will be effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the effect that implementation of the new standard will have on the Foundation’s financial statements.

In May 2014, the FASB added Topic 606, “Revenue from Contracts with Customers” to establish principles to report useful information about the nature, amount, timing and uncertainty of revenue from contracts with customers. This standard will be effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the effect that implementation of the new standard will have on the Foundation’s financial statements.

Subsequent Events

Management has evaluated subsequent events through November 5, 2018, the date which the financial statements were available to be issued.

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE B – CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2018, cash and cash equivalents consist of the following:

Cash	\$	680,818
Short-Term Investments		731,194
Total	\$	<u>1,412,012</u>

The Foundation handles and is responsible for the investment of voluntary contributions and financial gifts given to it by private individuals or companies to benefit the School District. The Foundation does not handle any public funds received by the School District. The Foundation has developed its own investment guidelines that are broader in scope than the state mandated guidelines that are described in the District's Comprehensive Annual Financial Report. The Foundation's investments are in marketable securities which consist of mutual funds maintained by LPL Financial. The investments are recorded at fair value on the statement of financial position. These marketable securities were valued based on Level 1 inputs, which are unadjusted quoted prices for identical assets in an active market. The mutual funds were valued at the net asset value of shares held by the Foundation at year-end based on the closing prices reported on the active markets in which the securities were traded. As of June 30, 2018, the Foundation had mutual funds valued at approximately \$731,000. Total investment income on marketable securities for the year ended June 30, 2018 was approximately \$95,000.

NOTE C – RELATED PARTY TRANSACTIONS

The School District's General Fund provides funding for the Foundation's activities, including payroll services, and received reimbursement from the Foundation. As of June 30, 2018, the Foundation had no outstanding liabilities owed to the School District.

NOTE D – PERMANENTLY RESTRICTED NET ASSETS

As of June 30, 2018, the Foundation maintains eleven scholarship funds with donor-restricted principal balances of \$10,000 each. Only the interest earned on these funds is available for spending. Therefore, funds totaling \$110,000 have been classified as permanently restricted net assets as of June 30, 2018.

**LEXINGTON COUNTY SCHOOL DISTRICT ONE EDUCATIONAL FOUNDATION
LEXINGTON, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2018, temporarily restricted net assets are available for the following programs:

Cats Kick Cancer	\$	8,348
Caughman Books for Kids		16,061
Celebration of Excellence in Education		21,345
Chick-fil-A Leadercast		2,012
Class of 1971 Baseball		467
Class of 1978 Reunion		6,075
Community Give Back		1,653
Contributions for Schools and Departments		1,971
Curtis Bell Memorial Locker Room		12,493
Dancing with the Stars		50,302
Educational Scholarships		200,234
History Books		8,075
Leading As One		5,816
Lexington 1 Community Coalition		5,298
LEAP Employee Fund		497,494
LEAP Education Assistance		86,432
Major Gift Campaign		65,658
Michelin Teacher Awards		2,487
Referendum Money		22,861
STEM Labs		8,511
Swim Team Fund		104,186
Teacher Appreciation		2,205
Walter P Rawl School Garden		11,443
Total Temporarily Restricted Net Assets	\$	<u>1,141,427</u>