

CORRECTIONS FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015

CORRECTIONS FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Corrections Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Corrections Foundation, Inc. as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corrections Foundation, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Corrections Foundation, Inc.'s 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 opinions 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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Corrections Foundation, Inc., as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity 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 and budgetary comparison information on pages 3-5 and 17-18 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 August 17, 2015, on our consideration of Corrections Foundation, Inc.'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 Corrections Foundation, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.C.

Tallahassee, Florida
August 17, 2015

CORRECTIONS FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Management is pleased to offer the following assessment of the operations of Corrections Foundation, Inc. (the "Foundation") for the year ending June 30, 2015.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. These basic statements consist of the government-wide financial statements and the fund financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Foundation's finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of the Foundation's assets and liabilities with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *statement of activities* presents information showing how the Foundation's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The basic governmental-wide financial statements can be found on pages 6 - 7 of this report.

Fund financial statements *A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.* The Foundation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Foundation maintains one fund category, which is a governmental fund.

Governmental funds *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 8 - 9 of this report.

CORRECTIONS FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 – 16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Corrections Foundation, Inc.'s budgetary information. Required supplementary information can be found on page 17 - 18 of this report.

Government-wide Financial Analysis

The assets of Corrections Foundation, Inc. exceeded its liabilities at June 30, 2015, by \$1,012,236. 92% of this total or \$934,383 is unrestricted.

Net Position: Corrections Foundation, Inc.'s net position increased by \$66,917 from fiscal year 2014. The primary cause of this increase was due to higher public contribution revenues and product sales.

Condensed Financial Statements
Net Position

	2015	2014
Current assets	\$ 1,017,864	\$ 950,637
Other liabilities	5,628	5,318
Net position	\$ 1,012,236	\$ 945,319

Changes in Net Position

	2015	2014
Program revenues:		
Operating grants and contributions	\$ 849,975	\$ 778,432
General revenues:		
Other	84,258	19,965
Total revenues	934,233	798,397
Expenses:		
Direct support	867,316	604,636
Increase in net position	66,917	193,761
Net position, beginning of year	945,319	751,558
Net position, end of year	\$ 1,012,236	\$ 945,319

CORRECTIONS FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget can be summarized as follows:

- Membership dues in support of the Employee Assistance Program increased.
- Public contributions increased due to addition of fundraisers and support of Department of Corrections' programs.
- Expenses for Department of Corrections Programs increased as funds were donated and earmarked for specific programs.
- Product sales, sales tax, and related product cost increased.

Request for Information

This report is designed to provide a general overview of Corrections Foundation, Inc. finances for all those with an interest in the Foundation's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Corrections Foundation, Inc.
501 South Calhoun Street
Tallahassee, FL 32399-2500

CORRECTIONS FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 507,909
Certificates of deposit	499,076
Inventory	10,879
Total Assets	1,017,864
LIABILITIES	
Accounts payable and accrued expenses	5,628
Total Liabilities	5,628
NET POSITION	
Unrestricted	933,354
Restricted	78,882
Total Net Position	\$ 1,012,236

The accompanying notes to financial statements
are an integral part of this statement.

**CORRECTIONS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
<u>Functions/Programs</u>			
Governmental activities			
Direct support	\$ 867,316	\$ 849,975	\$ (17,341)
Total governmental activities	\$ 867,316	\$ 849,975	(17,341)
		General revenues:	
		Other	84,258
		Change in net position	66,917
		Net position , beginning of year	945,319
		Net position , end of year	\$ 1,012,236

The accompanying notes to financial statements
are an integral part of this statement.

**CORRECTIONS FOUNDATION, INC.
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015**

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 507,909
Certificates of deposit	499,076
Inventory	10,879
Total Assets	<u><u>\$ 1,017,864</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 5,628</u>
Fund balance:	
Nonspendable	10,879
Restricted	78,882
Unassigned	922,475
Total Fund Balance	<u>1,012,236</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,017,864</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**CORRECTIONS FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund
Support and Revenue	
Membership contributions	\$ 609,925
Other public contributions	166,489
Grants	20,850
Interest	8,368
Product sales	75,890
In-kind support	52,711
Total revenues	934,233
 Expenditures	
Direct grant	10,035
Accounting and legal fees	7,875
Bank charges	1,404
Donations	206
Employee assistance	507,780
Insurance	1,697
Miscellaneous	3,287
Office and personnel	119,183
Other programs	91,764
Travel	151
Product cost	71,223
In-kind expenses	52,711
Total expenditures	867,316
 Excess of revenues over expenditures	66,917
 Fund balance, beginning of year	945,319
 Fund balance, end of year	\$ 1,012,236

The accompanying notes to financial statements
are an integral part of this statement.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Corrections Foundation, Inc. (the “Foundation”) which effect significant elements of the accompanying financial statements:

A. Description of government wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Foundation. There are no component units or fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

B. Reporting entity

The Foundation is a nonprofit organization under Internal Revenue Code Section 501(c)(3) and is established as a direct support organization to the State of Florida, Department of Corrections (the “Department”) pursuant to Section 944.802 of the Florida Statutes. The purpose of the Foundation is to support the programs, personnel and services of the Department in the interest of public safety. The Foundation is supported primarily through donor contributions, in-kind support from the Department of Corrections, and grants. The Foundation was incorporated in December 1996 and began operating in July 1997. It is administered by a board of directors appointed by the Secretary of the State of Florida, Department of Corrections.

The accounting policies adopted by the Foundation conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. There were no entities that required inclusion as a component unit within the Foundation’s financial statements.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds even though the latter are excluded from the government-wide financial statements.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. **Summary of Significant Accounting Policies:** (Continued)

D. **Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds. There is only one fund category, governmental, for which a fund financial statement is presented. The emphasis of fund financial statements is on the major governmental fund. There is only one major individual governmental fund reported in the fund financial statements.

The Foundation reports the following major governmental fund:

The *general fund* is established to account for resources devoted to directly supporting the State of Florida, Department of Corrections. All operating resources are recorded in the general fund.

E. **Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). The basis of accounting determines when transactions and economic events are reflected in the financial statements, and measurement focus identifies which transactions and events should be recorded.

Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and actual collection will occur either a) during the current period or, b) after the end of the period but in time to pay fund liabilities. Generally, grant revenues are recorded as revenue when they are susceptible to accrual and conditions of the grant have been satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. **Summary of Significant Accounting Policies:** (Continued)

F. **Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The appropriated budget is prepared by fund.

G. **Assets, liabilities and net position/fund balance**

1. **Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less.

2. **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. **Inventory** - Inventory consists primarily of pins and apparel and is valued at the lower of cost (first-in, first-out method) or market.

4. **Net position flow assumption** - Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

5. **Fund balance flow assumptions** - Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundations policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

6. **Fund balance policies** - Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. **Summary of Significant Accounting Policies:** (Continued)

G. **Assets, liabilities and net position/fund balance** (Continued)

6. **Fund balance policies** (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Foundation's highest level of decision-making authority. The Foundation's Board is the highest level of decision making authority for the Foundation that can, by a formal vote, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Foundation for specific purposes but do not meet the criteria to be classified as committed. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. **Revenues and expenditures**

1. **Contributions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed materials, facilities and services are recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets that expires. Therefore, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. **Summary of Significant Accounting Policies:** (Continued)

H. **Revenues and expenditures** (Continued)

2. **Income Taxes** - The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

The Foundation files income tax returns in the U.S. Federal jurisdiction. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

3. **Advertising** - The Foundation expenses advertising costs as they are incurred. For the year ending June 30, 2015 the Foundation did not incur any advertising cost.

II. **Detailed Notes on Major Fund:**

A. **Deposits**

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. At year end, the carrying amount of the Foundation's deposits was \$1,006,985 and the bank balance was \$1,026,760. Of the bank balance, \$1,021,633 was covered by Federal depository insurance or by collateral held by the Foundation's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

II. Detailed Notes on Major Fund: (Continued)

B. In-Kind Support

In-kind contributions of materials, facilities, and services are reflected as direct support in the statement of activities and as in-kind support and in-kind expenses in the statement of revenues, expenditures, and changes in fund balance – governmental funds at their estimated fair value when received. The primary source of the Foundation’s in-kind support of approximately \$48,000 is from the Department for operating costs. The value assigned to in-kind support other than payroll costs is an allocation based on the Foundation’s use of space within the Department’s facilities. In-kind salaries, payroll taxes and benefits are actual costs paid for by the Department for vocational instructors and an administrative assistant. This past year the Foundation also received in-kind materials from a third party outside of the Department valued at approximately \$4,000. In-kind materials, facilities, and services from all sources consist of the following for the year ended June 30, 2015:

Rent	\$	13,746
Office expenses		16,904
Personnel costs		21,939
Total In-Kind Support	\$	52,711

C. Restricted Net Position/Restricted Fund Balance

Restricted net position/restricted fund balance are available for the following purposes as of June 30, 2015:

Chapel Fund	\$	4,303
Dade Correctional Institution Education Program		2,327
Ford Motor YAATC Program		2,211
Hernando Correctional Institution Chaplain’s Inmate Welfare Fund		887
Dog Training Programs		42,347
K9 Tracking Dogs		9,663
Inspector General Canine Unit		17,144
Total Restricted Net Position/Restricted Fund Balance	\$	78,882

III. Other Information:

A. Retirement Plan

The Foundation provides retirement benefits to its employees through a defined contribution plan covering all employees with one year of eligible experience. The Foundation contributes three percent of eligible employee’s gross wages. Contributions to the plan during the year ended June 30, 2015 were \$3,075.

B. Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Personal Property
- Public Officials’ Liability

There have not been any settlements against insurance coverage.

CORRECTIONS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

III. **Other Information:** (Continued)

C. **Subsequent Events**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 17, 2015, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

CORRECTIONS FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>General Fund</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Support and Revenue				
Membership contributions	\$ 592,672	\$ 609,927	\$ 609,925	\$ (2)
Other public contributions	133,688	166,177	166,489	312
Grants	10,000	20,850	20,850	-
Interest	5,000	8,370	8,368	(2)
Product sales	49,000	75,906	75,890	(16)
In-kind support	48,650	48,650	52,711	4,061
Total revenues	<u>839,010</u>	<u>929,880</u>	<u>934,233</u>	<u>4,353</u>
Expenditures				
Direct grant	10,790	10,035	10,035	-
Accounting and legal fees	8,200	7,875	7,875	-
Advertising and promotion	100	-	-	-
Bank charges	275	1,105	1,404	(299)
Donations	-	-	206	(206)
Employee assistance	550,000	507,780	507,780	-
Insurance	1,731	1,705	1,697	8
Miscellaneous	3,320	3,078	3,287	(209)
Office and personnel	115,275	119,145	119,183	(38)
Other programs	61,269	91,785	91,764	21
Travel	400	152	151	1
Product cost	40,000	61,395	71,223	(9,828)
In-kind expenses	48,650	48,650	52,711	(4,061)
Total expenditures	<u>840,010</u>	<u>852,705</u>	<u>867,316</u>	<u>(14,611)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000)</u>	<u>77,175</u>	<u>66,917</u>	<u>(10,258)</u>
Fund balance, beginning of year	945,319	945,319	945,319	-
Fund balance, end of year	<u>\$ 944,319</u>	<u>\$ 1,022,494</u>	<u>\$ 1,012,236</u>	<u>\$ (10,258)</u>

The accompanying notes to schedule of revenues, expenditures and changes in fund balance - budget and actual are an integral part of this schedule.

CORRECTIONS FOUNDATION, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

(1) **Summary of Significant Accounting Policies:**

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the Correction Foundation Inc.’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget presented for fiscal year ended June 30, 2015, has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

**INDEPENDENT AUDITORS' 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,
Corrections Foundation, Inc.

We have audited, 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, the financial statements of the governmental activities and the major fund of Corrections Foundation, Inc. as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Corrections Foundation, Inc.'s basic financial statements, and have issued our report thereon dated August 17, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below as finding 2015-01 to be a material weakness.

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2015-01 Preparation of Financial Statements in Accordance with GAAP— The internal controls of Corrections Foundation, Inc. has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. For the year ended June 30, 2015, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corrections Foundation, Inc.'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*.

Corrections Foundation, Inc.'s Response to Findings

Corrections Foundation, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. Corrections Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
August 17, 2015



**CORRECTIONS
FOUNDATION, INC.**

**Louie L. Wainwright, President
Tom Rush, Vice President
Dave Mecusker, Treasurer**

501 S. Calhoun Street • Tallahassee, FL 32399 • www.correctionsfoundation.org • (850) 717-3712 phone • (850) 410-4411 fax

August 17, 2015

James Moore and Co., CPA
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386

Dear James Moore and Co., CPA:

Below is the Corrections Foundation's management response to audit findings for fiscal year 2014 -2015.

In response to this year's audit finding and suggestion for the Corrections Foundation to compile its own financial statements, we find that it would not be cost effective for the organization to employ an accountant on staff for the sole purpose of preparing our financial statements and therefore we rely on James Moore and Company, CPA to prepare them as part of our annual audit. Having an outside firm prepare our financial statements also provides the Board of Directors with an inside look at operations from an independent and objective source while strengthening our ability to oversee the financial operations of the organization.

We appreciate the suggestion of how to further improve and strengthen our operations and thank you for the thoroughness of the audit performed by James Moore and Company, CPA. The results of the audit reflect the board and staff's desire to serve the Department of Corrections and its staff in a manner above reproach. The audit, our operating policies, and financial statements are available for public review upon request.

Sincerely,

Chris Akins
Executive Director

CA/sl

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

Established as the non-profit Direct Support Organization for the Florida Department of Corrections pursuant to Chapter 944.802, Florida Statutes. Contributions to the Corrections Foundation, a 501(c)3 non-profit corporation, may be tax-deductible for federal income tax purposes. Tax ID#: 59-3440417.