

**CORRECTIONS FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**CORRECTIONS FOUNDATION, INC.**  
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**JUNE 30, 2013**

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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, 2013, 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, 2013, 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 15-17 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 1, 2013, 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 1, 2013

## **Management's Discussion and Analysis** **June 30, 2013**

Management is pleased to offer the following assessment of the operations of Corrections Foundation, Inc. (the "Foundation") for the year ending June 30, 2013.

### **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.

**Management's Discussion and Analysis**  
**June 30, 2013**

**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 – 14 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 15 - 17 of this report.

**Government-wide Financial Analysis**

The assets of Corrections Foundation, Inc. exceeded its liabilities at June 30, 2013, by \$751,558. 87% of this total or \$723,265 is unrestricted.

Net Position: Corrections Foundation, Inc.'s net position increased by \$160,912 from fiscal year 2012. The primary cause of this increase was due to a decrease in employee assistance.

**Condensed Financial Statements**  
**Net Position**

	<b>2013</b>	<b>2012</b>
Current Assets	\$ 756,099	\$ 593,631
Other Liabilities	4,541	2,985
Net Position	\$ 751,558	\$ 590,646

**Changes in Net Position**

	<b>2013</b>	<b>2012</b>
Program revenues:		
Operating grants and contributions	\$ 840,089	\$ 867,203
General revenues:		
Other	11,567	6,488
Total revenues	851,656	873,691
Expenses:		
Direct support	690,744	867,030
Increase in net position	160,912	6,661
Net Position, beginning of year	590,646	583,985
Net Position, end of year	\$ 751,558	\$ 590,646

## **General Fund Budgetary Highlights**

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

- Membership dues revenue decreased due to staff reduction at Dept. of Corrections.
- Public contributions increased due to addition of fundraisers and support of Dept. of Corrections' programs.

## **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, 2013**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 513,038
Certificates of deposit	239,327
Inventory	3,734
<b>Total Assets</b>	<u>756,099</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	4,541
<b>Total Liabilities</b>	<u>4,541</u>
<b>NET POSITION</b>	
Unrestricted	722,967
Restricted (Note 5)	28,591
<b>Total Net Position</b>	<u>\$ 751,558</u>

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, 2013**

	<b>Expenses</b>	<b>Program Revenues Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position Governmental Activities</b>
<b><u>Functions/Programs</u></b>			
<b>Governmental activities</b>			
Direct support	\$ 690,744	\$ 840,089	\$ 149,345
Total governmental activities	\$ 690,744	\$ 840,089	149,345
		General revenues:	
		Other	11,567
		Change in net position	160,912
		<b>Net position</b> , beginning of year	590,646
		<b>Net position</b> , end of year	\$ 751,558

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

**CORRECTIONS FOUNDATION, INC.**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2013**

<b>ASSETS</b>	<u><b>General Fund</b></u>
Cash and cash equivalents	\$ 513,038
Certificate of deposit	239,327
Inventory	3,734
<b>Total Assets</b>	<u><u>\$ 756,099</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 4,541</u>
Fund balance:	
Nonspendable	3,734
Restricted (Note 5)	28,591
Unassigned	719,233
<b>Total Fund Balance</b>	<u>751,558</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 756,099</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, 2013**

	<b>General Fund</b>
<b>Support and Revenue</b>	
Membership contributions	\$ 638,904
Other public contributions	148,035
Grants	4,500
Interest	4,782
Product sales	6,785
In-kind support	48,650
Total revenues	851,656
 <b>Expenditures</b>	
Direct grant	15,036
Accounting/legal fees	6,764
Advertising/promotion	444
Bank charges	365
Donations	100
Employee assistance	333,632
Insurance	1,640
Miscellaneous	7,032
Office and personnel	105,490
Other programs	164,970
Travel	375
Cost of goods sold	6,246
In-kind expenses	48,650
Total expenditures	690,744
 <b>Excess of revenues over expenditures</b>	160,912
 <b>Fund balance, beginning of year</b>	590,646
 <b>Fund balance, end of year</b>	\$ 751,558

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

**CORRECTIONS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

(1) **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) **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, 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.

(b) **Government-wide and Fund 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.

Separate financial statements are provided for the Foundation's one governmental fund.

(c) **Basis of Presentation**—Governmental Fund Type—Governmental funds are the funds through which most governmental functions typically are financed. The acquisition, use and balances of the Foundation's expendable financial resources and the related liabilities are accounted for through a governmental fund. The measurement focus is based upon determination of changes in working capital, rather than upon net income determination. The following is the Foundation's governmental fund type:

- 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.

**CORRECTIONS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

(d) **Measurement Focus, Basis of Accounting and Financial Statement Presentation**—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.

(e) **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.

(f) **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.

(g) **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.

(h) **Advertising**—The Foundation expenses advertising costs as they are incurred.

**CORRECTIONS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

(j) **Fund Balance**—The Foundation follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a foundation’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Foundation had nonspendable resources of \$3,734 for inventory as of June 30, 2013.

Restricted fund balance—includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Foundation had restricted resources of \$28,591 as of June 30, 2013.

Committed fund balance—includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Foundation’s Board. These amounts cannot be used for any other purpose unless the Foundation’s Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Foundation did not have any committed resources as of June 30, 2013.

Assigned fund balance—includes amounts that are constrained by the Foundation’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Foundation’s Board or through the Foundation’s Board delegating this responsibility to the Executive Director through the budgetary process. The Foundation did not have any assigned resources as of June 30, 2013.

Unassigned fund balance—includes the residual fund balances for the General fund.

The Foundation would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

(k) **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.

**CORRECTIONS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

(k) **Contributions** (Continued)

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.

(2) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

- (a) **Demand Deposits**—Corrections Foundation, Inc. maintains demand deposits with several financial institutions. The Foundation has no policy requiring collateral or other security to support its deposits, although accounts at each bank are insured up to Federal Deposit Insurance Corporation limits.

(3) **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.

(4) **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 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. In-kind materials, facilities, and services from all sources consist of the following for the year ended June 30, 2013:

Rent	\$ 13,746
Office expenses	12,904
Personnel costs	22,000
Total In-Kind Support	<u>\$ 48,650</u>

**CORRECTIONS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

(5) **Restricted Net Position/Restricted Fund Balance:**

Restricted net position/restricted fund balance are available for the following purposes as of June 30, 2013:

Chapel Fund	\$	3,640
Dade Correctional Institution Education Program		3,263
Ford Motor YAATC Program		2,211
Hernando Correctional Institution Chaplain's Inmate Welfare Fund		887
Dog Training Programs		17,931
Inspector General Canine Unit		659
Total Restricted Net Position/Restricted Fund Balance	\$	<u>28,591</u>

(6) **Retirement Plan:**

The Foundation provides retirement benefits to its employees through a defined contribution plan covering all full-time 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, 2013 were \$2,189.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CORRECTIONS FOUNDATION, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>General Fund</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Support and Revenue</b>				
Membership contributions	\$ 646,433	\$ 638,904	\$ 638,904	\$ -
Other public contributions	204,420	145,433	148,035	2,602
Grants	5,000	4,500	4,500	-
Interest	4,800	4,782	4,782	-
Product sales	800	7,193	6,785	(408)
In-kind support	48,650	48,650	48,650	-
Total revenues	<u>910,103</u>	<u>849,462</u>	<u>851,656</u>	<u>2,194</u>
<b>Expenditures</b>				
Direct grant	9,000	15,036	15,036	-
Accounting/legal fees	8,500	6,764	6,764	-
Advertising/promotion	400	444	444	-
Bank charges	300	365	365	-
Donations	200	100	100	-
Employee assistance	584,500	333,632	333,632	-
Insurance	1,800	1,640	1,640	-
Miscellaneous	5,625	7,034	7,032	2
Office and personnel	102,528	105,212	105,490	(278)
Other programs	141,600	162,530	164,970	(2,440)
Travel	500	375	375	-
Cost of goods sold	1,500	9,235	6,246	2,989
In-kind expenses	48,650	48,650	48,650	-
Total expenditures	<u>905,103</u>	<u>691,017</u>	<u>690,744</u>	<u>273</u>
<b>Excess of revenues over expenditures</b>	<u>5,000</u>	<u>158,445</u>	<u>160,912</u>	<u>2,467</u>
<b>Fund balance, beginning of year</b>	590,646	590,646	590,646	-
<b>Fund balance, end of year</b>	<u>\$ 595,646</u>	<u>\$ 749,091</u>	<u>\$ 751,558</u>	<u>\$ 2,467</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, 2012**

(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, 2013, 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, 2013, 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 1, 2013.

***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 certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described below as findings 2009-01 and 2013-01 to be material weaknesses.

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**2009-01 Preparation of Financial Statements in Accordance with GAAP and Significant Adjustments**— The internal control structure 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, 2013, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements.

**2013-01 Journal Entry Approval**— Our review of the general journal entries revealed that entries lack proper approval by a responsible employee. We recommend the adoption of a policy whereby all journal entries will be approved by the Executive Director or other designated member of management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. All journal entries should be accompanied by full explanation and filed with adequate supporting documentation.

### ***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 1, 2013



## CORRECTIONS FOUNDATION, INC.

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

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

August 2, 2013

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 2012 -2013.

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.

It was also recommended that we adopt a policy whereby all accounting journal entries are logged and approved by the Executive Director. This log will include a full explanation of the journal entry and be filed with adequate supporting documentation. Examples of typical journal entries include cost of goods sold, inventory, in-kind donations and voided checks.

We appreciate these suggestions 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

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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.