

2023

SECO Energy Foundation, Inc.

Financial Statements and
Independent Auditor's Report

December 31, 2023

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA**

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SECO Energy Foundation, Inc.
Sumterville, Florida

Opinion

We have audited the accompanying financial statements of SECO Energy Foundation, Inc (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

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Board of Directors
SECO Energy Foundation, Inc.
Sumterville, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



July 8, 2024
Ocala, Florida

**SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

	2023
Current Assets	
Cash and Cash Equivalents	\$ 1,073,910
Accounts Receivable - Donations	101,423
Total Assets - All Current	<u>1,175,333</u>

LIABILITIES AND NET ASSETS

Net Assets	
Without Donor Restrictions:	
Undesignated	1,175,333
Total Net Assets	<u>1,175,333</u>
Total Liabilities and Net Assets	<u>\$ 1,175,333</u>

See accompanying notes.

SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
	Without Donor
	Restrictions
Support and Revenues	
Contributions	\$ 1,216,702
Total Support and Revenues	<u>1,216,702</u>
Functional Expenses	
Grants Program	<u>41,369</u>
Total Functional Expenses	<u>41,369</u>
Change in Net Assets	1,175,333
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ 1,175,333</u></u>

See accompanying notes.

SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	
	<u>Program Services</u>	
	<u>Grants</u>	
	<u>Program</u>	<u>Total</u>
Software Expense	\$ 11,550	\$ 11,550
Grant Award Disbursement	29,819	29,819
Total Program Expenses	<u><u>\$ 41,369</u></u>	<u><u>\$ 41,369</u></u>

See accompanying notes.

SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Cash Flows from Operating Activities	
Cash Received from Contributors	\$ 1,115,279
Cash Paid to Recipients	(29,819)
Cash Paid to Suppliers	(11,550)
Net Cash Provided by (Used in) Operating Activities	<u>1,073,910</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 1,073,910
 Cash and Cash Equivalents, Beginning of Year	 <u>-</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 1,073,910</u></u>

See accompanying notes.

SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of SECO Energy Foundation, Inc (the Foundation) were prepared using the accrual basis of accounting. A description of significant accounting policies used in such preparation is presented below to enhance the usefulness of the accompanying financial statements to the reader.

Entity

The Foundation was incorporated on June 20, 2022, under the laws of the State of Florida. In January of 2023, the Foundation started collecting round-up fees and subsequently began awarding grant funds. The purpose of the Foundation is to accumulate and disburse monies for charitable purposes, as defined under Section 501(c)(3) of the Internal Revenue Code of 1986. The Foundation's major program is dedicated to supporting and enhancing the quality of life in the communities served by SECO Energy. The Foundation aims to provide financial support to non-profit organizations and community projects that align with its core values and areas of focus.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence, or absence, of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions**—Net assets that are not subject to, or are no longer subject to, donor-imposed restrictions.
- **Net Assets With Donor Restrictions**—Net assets whose use is limited by donor-imposed time and/or purpose restrictions. There are no net assets with donor restrictions in 2023.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in several bank accounts.

Revenue Recognition and Contributions Receivable

Most of the Foundation's income is derived from cash contributions from members of Sumter Electric Cooperative, Inc. (SECO). The Foundation has entered into an agreement with the members of SECO to round up their electrical bill to the next whole dollar. The difference between the bill and the next whole dollar is considered a contribution to the Foundation.

SECO ENERGY FOUNDATION, INC.
SUMTERVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Members of SECO can opt-out of the voluntary program at any point in time and also have the option of making one-time contributions to the program. The Foundation generally recognizes contributions when they are due from SECO.

A small portion of revenues are derived from donations and contributions from organizations or SECO employees who may or may not be members.

Functional Allocation of Expenses

The costs of providing administrative services to the Foundation are shown on a functional basis in the statement of activities. All management and general expenses are shown as a direct cost in the statements of functional expenses and there are no allocations.

Subsequent Events

The Foundation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 8, 2024, the date that the financial statements were available to be issued.

Income Taxes

The Foundation has been granted an exemption from income tax under Section 501(c)(3) of the Internal Revenue Code of 1999 and the Foundation's tax returns have not been examined by the Internal Revenue Service. No provision is made in these statements for income taxes.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of December 31:

	2023
Cash in Bank	\$ <u>1,073,910</u>

The Foundation's deposits held in the bank are insured up to \$250,000 per bank through the Federal Deposit Insurance Corporation.

Note 3 - Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include prepaids and inventory items.

	2023
Financial Assets, at Year-End	\$ 1,175,333
Less Those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donor-Imposed Restrictions:	
Restricted by Donor with Time or Purpose	<u>-</u>
Financial Assets Available to Meet Cash	
 Needs for Expenditures Within One Year	\$ <u>1,175,333</u>

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