

Evolution Institute, Inc.

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended December 31, 2020 and 2019

King & Walker, CPAs, PL

Certified Public Accountants

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EVOLUTION INSTITUTE, INC.

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Independent Auditor's Report

Board of Directors
Evolution Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Evolution Institute, Inc. (Organization), a non-profit organization which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2021, on our consideration of Evolution Institute, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 the 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 Evolution Institute, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

Tampa, Florida
April 27, 2021

EVOLUTION INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 603,686	\$ 175,504
Investments	391,408	375,039
Receivables	76,289	66,528
Total Current Assets	1,071,383	617,071
Noncurrent Assets:		
Property and Equipment	47,488	32,626
Leasehold Improvements	25,531	3,144
<i>less:</i> Accumulated Depreciation	(21,126)	(5,976)
Total Noncurrent Assets	51,893	29,794
TOTAL ASSETS	\$ 1,123,276	\$ 646,865
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts Payable	\$ 45,479	\$ 38,630
Payroll Liabilities	9,015	149
Deferred Revenue	111,276	83,682
Total Liabilities	165,770	122,461
Net Assets		
Without Donor Restrictions	957,506	518,432
With Donor Restrictions	-	5,972
Total Net Assets	957,506	524,404
TOTAL LIABILITIES AND NET ASSETS	\$ 1,123,276	\$ 646,865

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
STATEMENT OF ACTIVITIES
For The Year Ended DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
SUPPORT AND REVENUE			
Contributions	\$ 645,347	\$ -	\$ 645,347
Contracts & Grants	-	1,107,459	1,107,459
Aftercare/VPK	94,916	-	94,916
Other	114,736	-	114,736
Net Assets Released from Restrictions	1,113,431	(1,113,431)	-
Total Revenue and Support	<u>1,968,430</u>	<u>(5,972)</u>	<u>1,962,458</u>
EXPENSES			
Program Services:			
David Sloan Wilson Projects	272,982		272,982
East Tampa Charter School	870,032		870,032
Jerry Lieberman Quality of Life	70,531		70,531
SESHAT Historical Databank	49,713		49,713
Education Initiative	91,625		91,625
Healthy and Agile Project	79,702		79,702
Total Program	<u>1,434,585</u>	<u>-</u>	<u>1,434,585</u>
Supporting Services:			
Management and General	110,493		110,493
Fundraising	-		-
Total Supporting Services	<u>110,493</u>	<u>-</u>	<u>110,493</u>
Total Expenses	<u>1,545,078</u>	<u>-</u>	<u>1,545,078</u>
Change in Net Assets from Operations	<u>423,352</u>	<u>(5,972)</u>	<u>417,380</u>
Nonoperating Activities			
Investment income	10,080		10,080
Net increase of investments	5,642		5,642
Total Nonoperating Activities	<u>15,722</u>	<u>-</u>	<u>15,722</u>
Change in Net Assets	<u>439,074</u>	<u>(5,972)</u>	<u>433,102</u>
Net Assets - Beginning	<u>518,432</u>	<u>5,972</u>	<u>524,404</u>
Net Assets - Ending	<u>\$ 957,506</u>	<u>\$ -</u>	<u>\$ 957,506</u>

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
STATEMENT OF ACTIVITIES
For The Year Ended DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
SUPPORT AND REVENUE			
Contributions	\$ 318,630	\$ -	\$ 318,630
Contracts & Grants	-	980,970	980,970
Aftercare	77,126		77,126
Other	16,287		16,287
Net Assets Released from Restrictions	974,998	(974,998)	-
Total Revenue and Support	<u>1,387,041</u>	<u>5,972</u>	<u>1,393,013</u>
EXPENSES			
Program Services:			
David Sloan Wilson Projects	141,888		141,888
East Tampa Charter School	705,335		705,335
Jerry Lieberman Quality of Life	51,165		51,165
SESHAT Historical Databank	35,621		35,621
Education Initiative	87,617		87,617
Healthy and Agile Project	150,420		150,420
Total Program	<u>1,172,046</u>	<u>-</u>	<u>1,172,046</u>
Supporting Services:			
Management and General	106,166		106,166
Fundraising	-		-
Total Supporting Services	<u>106,166</u>	<u>-</u>	<u>106,166</u>
Total Expenses	<u>1,278,212</u>	<u>-</u>	<u>1,278,212</u>
Change in Net Assets from Operations	<u>108,829</u>	<u>5,972</u>	<u>114,801</u>
Nonoperating Activities			
Investment income	10,168		10,168
Net increase of investments	18,686		18,686
Total Nonoperating Activities	<u>28,854</u>	<u>-</u>	<u>28,854</u>
Change in Net Assets	<u>137,683</u>	<u>5,972</u>	<u>143,655</u>
Net Assets - Beginning	<u>380,749</u>	<u>-</u>	<u>380,749</u>
Net Assets - Ending	<u>\$ 518,432</u>	<u>\$ 5,972</u>	<u>\$ 524,404</u>

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
Statement of Functional Expenses
For The Year Ended DECEMBER 31, 2020

Expense Category	PROGRAM SERVICES						SUPPORTING SERVICES		Total
	<i>David Sloan Wilson Projects</i>	<i>East Tampa Charter School</i>	<i>Jerry Lieberman Quality of Life</i>	<i>SESHAT Historical Databank</i>	<i>Education Initiative</i>	<i>Healthy and Agile Project</i>	<i>Management and General</i>	<i>Fund Raising</i>	
Accounting	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ 16,145	\$ -	\$ 21,645
Advertising	3,125	-	-	-	-	-	2,165	-	5,290
Consultant	71,316	-	40,600	46,100	-	2,940	40,739	-	201,695
Contract Services	130,280	186,768	-	-	-	-	-	-	317,048
Depreciation	-	-	-	-	-	-	15,150	-	15,150
Insurance	-	-	339	-	-	-	8,176	-	8,515
Investment Fees	-	-	-	-	-	-	1,972	-	1,972
Occupancy	-	72,287	1,150	-	835	-	-	-	74,272
Office Expenses	935	-	1,575	34	-	98	13,372	-	16,014
Salary & Benefits	-	438,265	26,527	-	73,825	73,616	8,028	-	620,261
Supplies	5,754	167,212	340	-	16,965	1,462	25	-	191,758
Travel and Conferences	803	-	-	1,971	-	43	110	-	2,927
Web and Internet Platforms	60,769	-	-	1,608	-	1,543	4,611	-	68,531
	\$ 272,982	\$ 870,032	\$ 70,531	\$ 49,713	\$ 91,625	\$ 79,702	\$ 110,493	\$ -	\$ 1,545,078

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
Statement of Functional Expenses
For The Year Ended DECEMBER 31, 2019

Expense Category	PROGRAM SERVICES					SUPPORTING SERVICES			Total
	<i>David Sloan Wilson Projects</i>	<i>East Tampa Charter School</i>	<i>Jerry Lieberman Quality of Life</i>	<i>SESHAT Historical Databank</i>	<i>Education Initiative</i>	<i>Healthy and Agile Project</i>	<i>Management and General</i>	<i>Fund Raising</i>	
Accounting	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ 15,168	\$ -	\$ 20,668
Advertising	3,693	-	-	-	274	-	859	-	4,826
Consultant	7,822	-	24,736	31,710	1,170	18,985	33,233	-	117,656
Contract Services	112,784	208,822	-	-	-	-	-	-	321,606
Depreciation	-	-	-	-	965	-	3,084	-	4,049
Insurance	-	-	-	-	-	-	2,833	-	2,833
Investment Fees	-	-	-	-	-	-	1,737	-	1,737
Occupancy	2,778	45,887	8,435	-	8,528	-	-	-	65,628
Office Expenses	2,379	-	2,500	1,312	1,054	542	8,198	-	15,985
Salary & Benefits	-	266,290	-	-	63,559	121,938	40,077	-	491,864
Supplies	-	178,836	1,531	-	12,067	6,626	-	-	199,060
Travel and Conferences	12,432	-	13,963	2,599	-	2,329	977	-	32,300
Web and Internet Platforms	-	-	-	-	-	-	-	-	-
	\$ 141,888	\$ 705,335	\$ 51,165	\$ 35,621	\$ 87,617	\$ 150,420	\$ 106,166	\$ -	\$ 1,278,212

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
STATEMENT OF CASH FLOWS
For The Years Ended DECEMBER 31, 2020 and 2019

	2020	2019
Operating Activities:		
Change in Net Assets	\$ 433,102	\$ 143,655
Adjustments to reconcile increase/(decrease) in net assets to net cash provided/(used) by operating activities:		
Depreciation	15,150	4,049
(Increase)/Decrease in:		
Accounts Receivable	(9,761)	(66,528)
Increase/(Decrease) in:		
Accounts Payable & Accrued Expenses	15,715	16,954
Deferred Revenue	27,594	(104,353)
Net Cash Provided/(Used) by Operating Activities	481,800	(6,223)
Investing Activities:		
Sale/(Purchase) of Investments	(16,369)	(135,314)
Net Cash Provided/(Used) by Investing Activities	(16,369)	(135,314)
Capital Activities:		
Purchase of Capital Assets	(37,249)	(27,207)
Net Cash Used by Financing Activities	(37,249)	(27,207)
Increase/(Decrease) in Cash and Cash Equivalents	428,182	(168,744)
Cash and Cash Equivalents - Beginning	175,504	344,248
Cash and Cash Equivalents - Ending	\$ 603,686	\$ 175,504

The Notes are an integral part of these financial statements.

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Evolution Institute, Inc. (Organization) was incorporated September 1, 2010, and operates as a Florida non-profit corporation in accordance with Section 501(c)(3), of the Internal Revenue Code. The Organization has been established to support research and educate others on applying evolutionary science to pressing social issues to improve the global quality of life.

Descriptions of programs currently provided by the Organization are as follows:

David Sloan Wilson Projects

This is a broad category of projects that are led by David Wilson. This currently includes the Prosocial project, currently funded by the Templeton World Charity Fund. Designed in part with Nobel Laureate Lyn Ostrom, this project is designed to investigate how groups function effectively and to develop a prescriptive process to enhance group efficacy.

Jerry Lieberman Quality of Life

This project is an investigation by the Evolution Institute to understand what makes Norway a successful society, ranking #1 in the UN Human Development Index for 12 of the last 15 years, and what lessons we can take away to improve our own and other societies. The project also focuses on and works with international collaborations, such as Mondragon University. The applied aspects of this project focus on improving the quality of life in urban areas, such as the East Pasco community, by addressing critical issues in education, economic development, and community engagement.

SESHAT Historical Databank

This is a massive historical database project. Working with colleagues around the globe, this project is coding historical events in an effort to quantify and empirically test hypotheses that explain historical phenomena and patterns. Support for our research comes from a variety of private donors, academic, and governmental funding sources.

The View of Life

An online publication that explores social, economic, biological, and many other issues from an evolutionary perspective. Much of the material is produced by working scientists and is written for non-academic readers.

East Tampa Academy Charter School

A public charter school in Tampa Florida serving grades Kindergarten through Second grade. The school is operated under a 5 year charter agreement with the Hillsborough County School District.

HA! Healthy and Agile

The HA! Healthy and Agile project provides free training for teachers to equip them with the skills they need to make sure their students are developing resilience skills to bounce back from adversity, as well as training on topics such as nutrition and safety. All training and materials are provided for free thanks to a grant from the Children's Board of Hillsborough County.

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Education Initiative

This project is a long-term commitment to identifying and evolving more viable systems for healthy human learning and education. This involves holding workshops, on the ground community-centred initiatives (such as VPK and aftercare program), and a collection of essays which demonstrates how evolutionary theory can produce a comprehensive, meaningful science of education.

➤ **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

➤ **Measure of operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are highly liquid short-term investments with remaining maturities at the purchase date of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

➤ **Concentration of Credit risk**

Deposits are held in a local financial institution at year-end and throughout the year. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced losses in such accounts.

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

➤ **Investments**

Investments are reported at fair value as determined by quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investments consist of mutual funds held by a brokerage firm. The value of the investments is the closing net asset value of shares held at year end.

The Organizations investments are exposed to various risks, such as market and credit risks. Because of the risk associated with such investments, it is possible that changes in their values will occur and that such changes could materially affect the Organization's financial statements.

➤ **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: Level 1 – inputs are quoted prices in active markets for identical assets; Level 2 – inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 - unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

➤ **Property and Equipment**

Property and equipment acquisitions are recorded at cost and donated equipment is recorded at fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets and computed on the straight-line method.

➤ **Deferred Revenue**

Contract and grant payments received are not recognized as revenue because the allowable costs as defined by the individual contract or grant have not been incurred of the unit of service has not been provided is considered deferred revenue.

➤ **Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, without restriction. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restriction.

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

➤ **Functional Expenses**

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and effort
Office expenses	Full Time Equivalent

➤ **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

➤ **Income Tax**

The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, results of its operations and/or cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 603,686	\$ 175,504
Investments	391,408	375,039
Total financial assets	<u>995,094</u>	<u>550,543</u>
Less amounts not available to be used within one year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 995,094</u>	<u>\$ 550,543</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$190,000). As part of its liquidity plan, excess cash is invested in short-term investments.

3. INVESTMENTS

Investments are recorded at fair value and consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Mutual Funds	<u>\$ 391,408</u>	<u>\$ 375,039</u>

As of December 31, 2020 and 2019, all investments were considered Level 1 investments.

4. CHANGES IN CAPITAL ASSETS

Changes in capitalized equipment are shown below:

	Balance Beginning	Additions	Deletions	Balance Ending
Equipment	\$ 32,626	\$ 14,862	\$ -	\$ 47,488
Leasehold Improvements	3,144	22,387	-	25,531
Total Capitalized Assets	<u>35,770</u>	<u>37,249</u>	<u>-</u>	<u>73,019</u>
<i>less:</i> Accumulated Depreciation	<u>(5,976)</u>	<u>(15,150)</u>	<u>-</u>	<u>(21,126)</u>
Total	<u>\$ 29,794</u>	<u>\$ 22,099</u>	<u>\$ -</u>	<u>\$ 51,893</u>

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. NET ASSETS

Net assets at December 31, 2020 and 2019 were as follows:

	2020	2019
Net Assets Without Donor Restrictions	\$ 957,506	\$ 518,432
Net Assets With Donor Restrictions	-	5,972
Total	\$ 957,506	\$ 524,404

Net assets released from net assets with donor restrictions are follows:

	2020	2019
Satisfaction of Purpose Restrictions:		
David Sloan Wilson Projects	\$ 173,076	\$ 111,929
East Tampa Academy	864,738	693,805
Education Initiative	2,625	-
Healthy & Agile Project	66,020	166,665
SESHAT Historical Databank	6,972	2,599
Total	\$ 1,113,431	\$ 974,998

6. SOURCES OF SUPPORT

The following is a schedule of revenue for the year ended December 31, 2020 and 2019:

Source	2020	2019
Contracts and Grants:		
Hillsborough County Schools	\$ 864,738	\$ 693,805
Children's Board of Hillsborough County	66,020	166,665
Templeton World Charity Fund	77,665	88,769
EM Kauffman Foundation- TVOL Grant	28,000	14,000
Nat'l Inst. of Economic & Social Research	68,411	9,160
TriCoastal - Deep Roots Grant	-	8,571
Early Learning Coalition	2,625	-
Total Contracts and Grant Support	1,107,459	980,970
Contributions	645,347	318,630
After Care Fees/VPK	94,916	77,126
Miscellaneous & Other	114,736	16,287
Total Support	\$ 1,962,458	\$ 1,393,013

EVOLUTION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. LOAN TRANSACTIONS

In May 2020, the Organization received a \$102,997 U.S. Small Business Administration (SBA) Paycheck Protection Program (“PPP”) loan for organizations who continued to pay their employees during the Covid -19 crisis. PPP loans and accrued interest are forgivable after a “covered period” (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The Organization used \$95,284 of the Loan amount for qualifying expenses and received forgives of debt in this amount in December 2020. The debt forgiveness is reported as other revenue in the Organization’s statement of activities. The remaining loan proceeds of \$7,713 is due to be repaid and has been reported as accounts payable in the Organization’s statement of financial position.

8. FACILITY LEASE

The Organization entered into a 5 year operating lease for its charter school’s educational facility beginning July 1, 2017. Monthly rent is \$3,000 per month the first year of the lease with scheduled increases shown below. The Organization is also responsible for paying utilities, property insurance and maintenance. Rental expenditures under this lease agreement for the year was \$41,531.

The following is a schedule, by years, of the School’s portion of future minimum rental payments required under operating leases in excess of one year:

Year	Amount
2021	\$ 49,200
2022	25,200
Total	\$ 74,400

Members:
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**Independent Auditor's Report Internal Control Over Financial Reporting and
Compliance Based on an Audit of the Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Directors
Evolution Institute, Inc.
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Evolution Institute, Inc., as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Evolution Institute, Inc.'s basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Evolution Institute, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Evolution Institute, Inc.'s financial statements are free from material misstatement, we performed tests of 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*.

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

This report is intended for the information and use of the Board of Directors of the Evolution Institute, Inc., its management, and funding agencies, and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

April 27, 2021
Tampa, Florida

Members:
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Independent Auditor's Management Letter

To the Board of Directors
Evolution Institute, Inc.
Tampa, Florida

In planning and performing our audit of the financial statements of Evolution Institute, Inc. for the years ended December 31, 2020 and 2019, we considered Evolution Institute, Inc.'s internal control system to plan our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

We noted no matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 27, 2021, on the financial statements of Evolution Institute, Inc.

We would like to thank the staff of the Evolution Institute, Inc. for their cooperation during this audit.

Respectfully submitted,

King & Walker, CPAs

April 27, 2021
Tampa, Florida