

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**



For the Years Ended June 30, 2018 and 2017

**CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for Leon County Schools, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Foundation for Leon County Schools, Inc. (a non-profit organization) (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows 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 audits. We conducted our audits 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 audits 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

To the Board of Directors
The Foundation for Leon County Schools, Inc.
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presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for Leon County Schools, Inc. as of June 30, 2018 and 2017, 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 Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2018, on our consideration of the Foundation'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 solely 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 effectiveness of the Foundation's 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 the Foundation's internal control over financial reporting and compliance.

Carroll and Company

October 23, 2018

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 254,130	\$ 277,000
Cash and cash equivalents restricted under agency transactions	128,555	89,326
Deposits and other assets	-0-	24
Beneficial interest in assets held by others	<u>133,264</u>	<u>128,783</u>
TOTAL ASSETS	<u>\$ 515,949</u>	<u>\$ 495,133</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 2,783	\$ 3,994
Deferred revenue	-0-	3,000
Due to beneficiaries under agency transactions	<u>128,555</u>	<u>89,326</u>
TOTAL LIABILITIES	<u>131,338</u>	<u>96,320</u>
NET ASSETS		
Unrestricted		
Board designated	133,264	128,783
Undesignated	<u>155,227</u>	<u>153,622</u>
TOTAL UNRESTRICTED NET ASSETS	288,491	282,405
Temporarily restricted	<u>96,120</u>	<u>116,408</u>
TOTAL NET ASSETS	<u>384,611</u>	<u>398,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 515,949</u>	<u>\$ 495,133</u>

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

2018

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Grants and contributions	\$ 195,427	\$ 5,641	\$ 201,068
In-kind contributions	136,713	-0-	136,713
License for Learning Tag Program	11,778	-0-	11,778
Investment return, net	5,715	-0-	5,715
Administration fees charged	4,199	-0-	4,199
Other	214	-0-	214
Net assets released from restriction	<u>25,929</u>	<u>(25,929)</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUES	<u>379,975</u>	<u>(20,288)</u>	<u>359,687</u>
EXPENSES			
Program services	264,236	-0-	264,236
Supporting services:			
Management and general	62,815	-0-	62,815
Fundraising	<u>46,838</u>	<u>-0-</u>	<u>46,838</u>
TOTAL EXPENSES	<u>373,889</u>	<u>-0-</u>	<u>373,889</u>
CHANGE IN NET ASSETS	6,086	(20,288)	(14,202)
NET ASSETS, BEGINNING OF YEAR	<u>282,405</u>	<u>116,408</u>	<u>398,813</u>
NET ASSETS, END OF YEAR	<u>\$ 288,491</u>	<u>\$ 96,120</u>	<u>\$ 384,611</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2018 and 2017

2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Grants and contributions	\$ 187,271	\$ 37,690	\$ 224,961
In-kind contributions	187,793	-0-	187,793
Investment return, net	9,850	-0-	9,850
License for Learning Tag Program	9,176	-0-	9,176
Administration fees charged	2,079	-0-	2,079
Other	<u>1,530</u>	<u>-0-</u>	<u>1,530</u>
TOTAL SUPPORT AND REVENUES	<u>397,699</u>	<u>37,690</u>	<u>435,389</u>
EXPENSES			
Program services	240,853	-0-	240,853
Supporting services:			
Management and general	83,889	-0-	83,889
Fundraising	<u>84,365</u>	<u>-0-</u>	<u>84,365</u>
TOTAL EXPENSES	<u>409,107</u>	<u>-0-</u>	<u>409,107</u>
CHANGE IN NET ASSETS	(11,408)	37,690	26,282
NET ASSETS, BEGINNING OF YEAR	<u>293,813</u>	<u>78,718</u>	<u>372,531</u>
NET ASSETS, END OF YEAR	<u>\$ 282,405</u>	<u>\$ 116,408</u>	<u>\$ 398,813</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (14,202)	\$ 26,282
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on beneficial interest in assets held by others	(4,481)	(8,253)
(Increase) decrease in:		
Cash and cash equivalents restricted under agency transactions	(39,229)	35,815
Deposits and other assets	24	46
Increase (decrease) in:		
Accounts payable	(1,211)	525
Deferred revenue	(3,000)	3,000
Due to beneficiaries under agency transactions	<u>39,229</u>	<u>(35,815)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(22,870)</u>	<u>21,600</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,870)	21,600
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>277,000</u>	<u>255,400</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 254,130</u>	<u>\$ 277,000</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of the Organization

The Foundation for Leon County Schools, Inc. (the Foundation) is a not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to provide charitable and educational aid to the Leon County School Board, to promote education, and to encourage research, learning, and dissemination of information. The Foundation is considered a component unit of the Leon County School District (the District) because of the nature and significance of its relationship with the District.

Basis of Accounting

The Foundation's books are maintained on the accrual basis of accounting.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation had no permanently restricted net assets as of June 30, 2018 and 2017.

Restricted and Unrestricted Support and Revenues

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the year in which the contribution is received, the contribution is reported as unrestricted support.

Donated Materials, Services, and Office Space

During the years ended June 30, 2018 and 2017, the Foundation received donated materials and services valued at approximately \$136,713 and \$187,793, respectively, which are reflected in the accompanying statements of activities. Of those amounts, donated services of approximately \$100,438 and \$173,293, respectively, were received from the Leon County School District in each year.

In addition, during the years ended June 30, 2018 and 2017, the Foundation used Leon County School District office space free of charge. No amounts related to the donated space have been recorded in the accompanying financial statements.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is a not-for-profit tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Foundation is exempt from income taxes, except on net income from unrelated business activities. Accordingly, there is no provision for income taxes in these financial statements.

Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Advertising

The Foundation expenses advertising costs as incurred. Advertising expense totaled \$5,698 and \$11,661 for the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's assessment of staff time.

Grants

Grants are recorded as expenses in the period in which they are approved for payment.

Estimates

The preparation of financial statements in accordance 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. Actual results may differ from those estimates.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE B – FAIR VALUE MEASUREMENTS

The Foundation follows the provisions of the Financial Accounting Standards Board’s Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments carried at fair value as of June 30, 2018 were as follows:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	–	\$ 133,264	–	\$ 133,264

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

Financial instruments carried at fair value as of June 30, 2017 were as follows:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	–	\$ 128,783	–	\$ 128,783

The fair value of financial instruments including cash and cash equivalents, cash and cash equivalents restricted under agency transactions, deposits and other assets, accounts payable, deferred revenue, and due to beneficiaries under agency transactions approximates carrying value, principally because of the short maturity of those items.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

NOTE C – ENDOWMENT

In December 2001, the Foundation established an endowment fund with The Community Foundation of North Florida, Inc. (CFNF). The fund is reflected as beneficial interest in assets held by others in the accompanying statements of financial position. CFNF has no variance power over the funds. The funds are distributed to the Foundation upon its request in accordance with the spending policy adopted by the Foundation’s Board of Directors. Deposits and contributions to the fund are recorded at fair market value, and administrative fees charged are expensed in the period to which they relate. Unrealized appreciation (depreciation) on the account has been reflected in the accompanying financial statements.

Interpretation of Relevant Law

The Foundation’s Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act applies to all nonprofit organizations incorporated in the State of Florida as of July 1, 2013.

Unless a donor imposes a restriction to the contrary, all endowment funds of the Foundation are subject to the spending policy adopted by the Foundation’s Board of Directors.

Endowment Net Asset Composition

Endowment net assets consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Unrestricted:		
Board designated endowment funds	\$ <u>133,264</u>	\$ <u>128,783</u>

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE C – ENDOWMENT (Continued)

Changes in Endowment Net Assets

Changes in unrestricted endowment net assets during the years ended June 30 were as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 128,783	\$ 120,530
Investment return, net	4,481	8,253
Contributions	-0-	-0-
Appropriation of endowment assets for expenditure	<u>-0-</u>	<u>-0-</u>
Balance at end of year	<u>\$ 133,264</u>	<u>\$ 128,783</u>

Endowment Spending Policy

The funds invested and the interest earned may be withdrawn on a semi-annual basis in an amount equal to five percent (5%) of the annual fund balance (principal and earnings).

Endowment Investment Policy

Funds are held and invested by The Community Foundation of North Florida, Inc.

NOTE D – AGENCY TRANSACTIONS

The Foundation enters into various agreements whereby the Foundation acts as an agent for and on behalf of a donor. Under the terms of these agreements, the Foundation agrees to receive assets from the donor(s) and transfer those assets to specified beneficiaries. As of June 30, 2018 and 2017, the Foundation held \$128,555 and \$89,326, respectively, to be transferred to specified beneficiaries under these agreements. These amounts are included in due to beneficiaries under agency transactions in the accompanying statements of financial position.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	2018	2017
Wellness programs	\$ 48,729	\$ 74,566
Florida Virtual School	12,410	12,410
Other	34,981	29,432
	\$ 96,120	\$ 116,408

NOTE F – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. As of June 30, 2018 and 2017, the Foundation’s uninsured cash balances totaled \$87,141 and \$-0-, respectively.

NOTE G – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Foundation’s tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended June 30, 2018 and 2017.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Foundation believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2015.

NOTE H – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 23, 2018, the date which the financial statements were available to be issued.

NOTE I – RECENT ACCOUNTING PRONOUNCEMENTS

In January 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Foundation for fiscal years beginning after December 15, 2017. The Foundation is evaluating the impact of the adoption of ASU 2016-01 on its financial statements.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018

NOTE I – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, representing the first time since the mid-1990s that financial reporting for not-for-profit organizations has been addressed. Key elements of the ASU include: 1) Reducing net asset classifications from three categories to two reporting net assets with donor restrictions and net assets without donor restrictions, 2) Expanding disclosures about the nature and amount of any donor restrictions, 3) Expanding disclosures on any board designations of net assets without donor restrictions and 4) Classifying underwater donor-restricted endowments as net assets with donor restrictions. The new guidance is effective for fiscal years beginning after December 15, 2017. The Foundation is evaluating the impact of the adoption of ASU 2016-14 on its financial statements.

SUPPLEMENTARY INFORMATION

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2018 and 2017

2018

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Other scholarships, grants, contributions, and programs	\$ 132,305	\$ -0-	\$ -0-	\$ 132,305
Classroom grants	106,821	-0-	-0-	106,821
Salaries, benefits, and payroll taxes	25,110	35,388	39,940	100,438
Professional services	-0-	15,375	81	15,456
Other administrative expenses	-0-	12,052	-0-	12,052
Public relations	<u>-0-</u>	<u>-0-</u>	<u>6,817</u>	<u>6,817</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 264,236</u>	<u>\$ 62,815</u>	<u>\$ 46,838</u>	<u>\$ 373,889</u>

2017

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits, and payroll taxes	\$ 43,323	\$ 59,250	\$ 70,720	\$ 173,293
Classroom grants	116,456	-0-	-0-	116,456
Other scholarships, grants, contributions, and programs	81,074	22	-0-	81,096
Professional services	-0-	15,160	4,249	19,409
Other administrative expenses	-0-	9,457	-0-	9,457
Public relations	<u>-0-</u>	<u>-0-</u>	<u>9,396</u>	<u>9,396</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 240,853</u>	<u>\$ 83,889</u>	<u>\$ 84,365</u>	<u>\$ 409,107</u>

**REPORT REQUIRED UNDER
*GOVERNMENT AUDITING STANDARDS***

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**INDEPENDENT AUDITOR'S 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
The Foundation for Leon County Schools, Inc.
Tallahassee, 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 The Foundation for Leon County Schools, Inc. (a non-profit organization) (the Foundation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 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. A *significant deficiency* is a deficiency, or a 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.

To the Board of Directors
The Foundation for Leon County Schools, Inc.
Page Two

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 Foundation'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*.

We noted certain other matters that we have reported to the Foundation's management in a separate letter dated October 23, 2018.

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

Carroll and Company

October 23, 2018