

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.

FINANCIAL STATEMENTS



For the Years Ended June 30, 2019 and 2018

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, 2019 and 2018, and the related statements of activities, functional expenses 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.
Page Two

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, 2019 and 2018, 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 October 30, 2019, 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 30, 2019

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 196,605	\$ 254,130
Cash and cash equivalents restricted under agency transactions	93,427	128,555
Beneficial interest in assets held by others	<u>138,213</u>	<u>133,264</u>
TOTAL ASSETS	<u>\$ 428,245</u>	<u>\$ 515,949</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 9,908	\$ 2,783
Due to beneficiaries under agency transactions	<u>93,427</u>	<u>128,555</u>
TOTAL LIABILITIES	<u>103,335</u>	<u>131,338</u>

NET ASSETS

Without donor restrictions		
Undesignated	138,268	155,227
Designated by Board	<u>138,213</u>	<u>133,264</u>
	276,481	288,491
With donor restrictions		
Purpose-restricted	<u>48,429</u>	<u>96,120</u>
TOTAL NET ASSETS	<u>324,910</u>	<u>384,611</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 428,245</u>	<u>\$ 515,949</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Grants and contributions	\$ 192,620	\$ 1,875	\$ 194,495
In-kind contributions	92,700	-0-	92,700
License for Learning Tag Program	8,299	-0-	8,299
Investment return, net	6,745	-0-	6,745
Administration fees charged	867	-0-	867
Other	3,035	-0-	3,035
Net assets released from restriction	<u>49,566</u>	<u>(49,566)</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUES	<u>353,832</u>	<u>(47,691)</u>	<u>306,141</u>
EXPENSES			
Program services	263,937	-0-	263,937
Supporting services:			
Management and general	55,363	-0-	55,363
Fundraising	<u>46,542</u>	<u>-0-</u>	<u>46,542</u>
TOTAL EXPENSES	<u>365,842</u>	<u>-0-</u>	<u>365,842</u>
CHANGE IN NET ASSETS	(12,010)	(47,691)	(59,701)
NET ASSETS, BEGINNING OF YEAR	<u>288,491</u>	<u>96,120</u>	<u>384,611</u>
NET ASSETS, END OF YEAR	<u>\$ 276,481</u>	<u>\$ 48,429</u>	<u>\$ 324,910</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2019 and 2018

2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</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 FUNCTIONAL EXPENSES
For the Years Ended June 30, 2019 and 2018

2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Other scholarships, grants, contributions, and programs	\$ 121,301	\$ -0-	\$ -0-	\$ 121,301
Classroom grants	119,589	-0-	-0-	119,589
Salaries, benefits, and payroll taxes	23,047	30,361	38,779	92,187
Professional services	-0-	16,130	-0-	16,130
Other administrative expenses	-0-	8,872	-0-	8,872
Public relations	<u>-0-</u>	<u>-0-</u>	<u>7,763</u>	<u>7,763</u>
TOTAL EXPENSES	<u>\$ 263,937</u>	<u>\$ 55,363</u>	<u>\$ 46,542</u>	<u>\$ 365,842</u>

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 EXPENSES	<u>\$ 264,236</u>	<u>\$ 62,815</u>	<u>\$ 46,838</u>	<u>\$ 373,889</u>

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (59,701)	\$ (14,202)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain on beneficial interest in assets held by others	(4,949)	(4,481)
(Increase) decrease in:		
Cash and cash equivalents restricted under agency transactions	35,128	(39,229)
Deposits and other assets	-0-	24
Increase (decrease) in:		
Accounts payable	7,125	(1,211)
Deferred revenue	-0-	(3,000)
Due to beneficiaries under agency transactions	<u>(35,128)</u>	<u>39,229</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(57,525)</u>	<u>(22,870)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,525)	(22,870)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>254,130</u>	<u>277,000</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 196,605</u>	<u>\$ 254,130</u>

See accompanying notes.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of June 30, 2019 and 2018, the governing board had designated, from net assets without donor restrictions, net assets for an endowment fund.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Restricted and Unrestricted Support and Revenues

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials, Services, and Office Space

During the years ended June 30, 2019 and 2018, the Foundation received donated materials and services valued at approximately \$92,700 and \$136,713, respectively, which are reflected in the accompanying statements of activities. Of those amounts, donated services of approximately \$92,186 and \$100,438, respectively, were received from the Leon County School District in each year.

In addition, during the years ended June 30, 2019 and 2018, 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.

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 \$715 and \$5,698 for the years ended June 30, 2019 and 2018, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. 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.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

Financial instruments carried at fair value as of June 30, 2019 were as follows:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	–	\$ 138,213	–	\$ 138,213

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 fair value of financial instruments including cash and cash equivalents, cash and cash equivalents restricted under agency transactions, accounts payable, 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 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following as of June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 196,605	\$ 254,130
Cash and cash equivalents with donor-imposed restrictions	<u>(48,429)</u>	<u>(96,120)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 148,176</u>	<u>\$ 158,010</u>

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE C – LIQUIDITY AND AVAILABILITY (Continued)

The Foundation maintains a Board designated endowment fund that is reflected as beneficial interest in assets held by others in the accompanying statements of financial position. The funds are distributed to the Foundation upon its request in accordance with the spending policy described in Note D. Although the Board does not intend to spend from this Board-designated endowment, amounts in accordance with the spending policy could be made available if necessary.

NOTE D – 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>2019</u>	<u>2018</u>
Board designated endowment funds	\$ <u>138,213</u>	\$ <u>133,264</u>

Changes in Endowment Net Assets

Changes in endowment net assets without donor restrictions during the years ended June 30 were as follows:

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE D – ENDOWMENT (Continued)

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 133,264	\$ 128,783
Investment return, net	4,949	4,481
Contributions	-0-	-0-
Appropriation of endowment assets for expenditure	<u>-0-</u>	<u>-0-</u>
Balance at end of year	<u>\$ 138,213</u>	<u>\$ 133,264</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 E – 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, 2019 and 2018, the Foundation held \$93,427 and \$128,555, 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.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2019	2018
Florida Virtual School	\$ 9,770	\$ 12,410
Wellness programs	3,000	48,729
Other	35,659	34,981
	\$ 48,429	\$ 96,120

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE G – 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, 2019 and 2018, the Foundation's uninsured cash balances totaled \$23,356 and \$87,141, respectively.

NOTE H – 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, 2019 and 2018.

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, 2016.

NOTE I – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 30, 2019, the date which the financial statements were available to be issued.

NOTE J – CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE K – RECENT ACCOUNTING PRONOUNCEMENTS

In January 2016, the 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, 2018. 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, 2019

NOTE K – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In November 2017, the FASB issued Accounting Standards Update (ASU) 2017-14, *Income Statement – Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)*, which sets out to clarify the principles of recognizing revenue and to develop a common revenue standard. This ASU amends ASU 2014-09 and ASU 2015-14, which are not yet effective. The new standard will apply to entities that enter into contracts with customers to transfer goods or services, except for contracts that are within the scope of other standards. ASU 2017-14 will be effective for the Foundation for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of the adoption of ASU 2017-14 on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which sets out to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 will be effective for the Foundation for fiscal years beginning after December 15, 2018 for contributions received and for fiscal years beginning after December 15, 2019 for contributions made. The Foundation is currently evaluating the impact of the adoption of ASU 2018-08 on its financial statements.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies the disclosure requirements for fair value measurements. ASU 2018-13 will be effective for the Foundation for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact of the adoption of ASU 2018-13 on its financial statements.

**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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2019.

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.

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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 30, 2019.

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 30, 2019