

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
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**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Foundation for Leon County Schools, Inc. as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise The Foundation for Leon County Schools, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Foundation for Leon County Schools, Inc.'s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The Foundation for Leon County Schools, Inc., as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.


### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 5 and 18 - 19, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, on our consideration of The Foundation for Leon County Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Foundation for Leon County Schools, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida  
October 14, 2021

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

Management is pleased to offer the following assessment of the operations of The Foundation for Leon County Schools, Inc. (the “Foundation”) for the year ending June 30, 2021.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Foundation’s basic financial statements. These basic statements consist of the government-wide financial statements and the fund financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Foundation’s finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of the Foundation’s assets and liabilities with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *statement of activities* presents information showing how the Foundation’s net position changed during the fiscal year. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The basic governmental-wide financial statements can be found on pages 6 - 7 of this report.

**Fund financial statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Foundation maintains one fund category, which is a governmental fund.

**Governmental funds** *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

The basic governmental funds of the financial statements can be found on pages 8 - 9 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 16 of this report.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning The Foundation for Leon County Schools, Inc.'s budgetary information. Required supplementary information can be found on page 18 - 19 of this report.

**Government-wide Financial Analysis**

The assets of The Foundation for Leon County Schools, Inc. exceeded its liabilities at June 30, 2021, by \$431,313, 55% of this total or \$236,095 is unrestricted.

Net Position: The Foundation for Leon County Schools, Inc.'s net position increased by \$105,679.

**Net Position**

|  | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
| Cash and cash equivalents              | \$ 270,932        | \$ 186,056        |
| Certificate of deposit                 | 2,304             | 2,302             |
| Beneficial interest in endowment       | 163,682           | 132,731           |
| Restricted cash and cash equivalents   | 81,476            | 93,146            |
| Accounts payables and accrued expenses | (5,605)           | (3,285)           |
| Due to other agencies                  | (81,476)          | (93,146)          |
| Net position                           | <u>\$ 431,313</u> | <u>\$ 317,804</u> |

**Changes in Net Position**

|  | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
| Program revenues:                            |                   |                   |
| Operating grants and contributions           | \$ 500,591        | \$ 428,868        |
| General revenues:                            |                   |                   |
| Other  | 33,382            | 337               |
| Total revenues                               | <u>533,973</u>    | <u>429,205</u>    |
| Expenses:                                    |                   |                   |
| Direct support                               | 428,294           | 436,311           |
| Change in net position                       | <u>105,679</u>    | <u>(7,106)</u>    |
| Net position, beginning of year, as restated | <u>325,634</u>    | <u>324,910</u>    |
| Net position, end of year                    | <u>\$ 431,313</u> | <u>\$ 317,804</u> |

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**General Fund Budgetary Highlights**

- Increased grant funding expected from private foundations.
- Increased individual giving

All of these factors were considered in preparing The Foundation for Leon County Schools, Inc.'s budget for 2022 fiscal year.

**Request for Information**

This report is designed to provide a general overview of The Foundation for Leon County Schools, Inc. finances for all those with an interest in the Foundation's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

The Foundation for Leon County Schools, Inc.  
2757 W. Pensacola Street  
Tallahassee, FL 32304

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

|                                       | <b>Governmental<br/>Activities</b> |
|---------------------------------------|------------------------------------|
| <b>ASSETS</b>                         |                                    |
| <b>Current assets</b>                 |                                    |
| Cash and cash equivalents             | \$ 270,932                         |
| Certificate of deposit                | 2,304                              |
| Beneficial interest in endowment      | 163,682                            |
| Restricted cash and cash equivalents  | 81,476                             |
| <b>Total Assets</b>                   | <b>\$ 518,394</b>                  |
| <b>LIABILITIES</b>                    |                                    |
| Accounts payable and accrued expenses | \$ 5,605                           |
| Due to other agencies                 | 81,476                             |
| <b>Total Liabilities</b>              | <b>\$ 87,081</b>                   |
| <b>NET POSITION</b>                   |                                    |
| Unrestricted                          | \$ 236,095                         |
| Committed                             | 163,682                            |
| Restricted for:                       |                                    |
| Activities                            | 7,830                              |
| Bridging the digital divide           | 16,537                             |
| Transportation                        | 7,169                              |
| <b>Total Net Position</b>             | <b>\$ 431,313</b>                  |

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



**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

|                                  | <b>Expenses</b> | <b>Program Revenues<br/>Operating Grants<br/>and Contributions</b> | <b>Net (Expense) Revenue and<br/>Changes in Net Position<br/>Governmental<br/>Activities</b> |
|----------------------------------|-----------------|--|--|
| <b><u>Functions/Programs</u></b> |                 |  |  |
| <b>Governmental activities</b>   |                 |  |  |
| Direct support                   | \$ 428,294      | \$ 500,591   | \$ 72,297  |
| Total governmental activities    | \$ 428,294      | \$ 500,591   | 72,297   |
|                                  |                 | General revenues:  |  |
|                                  |                 | Other  | 33,382   |
|                                  |                 | Change in net position   | 105,679  |
|                                  |                 | <b>Net position, beginning of year, as restated</b>                | 325,634  |
|                                  |                 | <b>Net position, end of year</b>                                   | <b>\$ 431,313</b>  |

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

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2021**

|   | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|---|
| <b>ASSETS</b>                             |                         |   |   |
| Cash and cash equivalents                 | \$ 263,102              | \$ 7,830                                | \$ 270,932                              |
| Certificate of deposit                    | 2,304                   | -                                       | 2,304                                   |
| Beneficial interest in endowment          | 163,682                 | -                                       | 163,682                                 |
| Restricted cash and cash equivalents      | 81,476                  | -                                       | 81,476                                  |
| <b>Total Assets</b>                       | <b>\$ 510,564</b>       | <b>\$ 7,830</b>                         | <b>\$ 518,394</b>                       |
| <br><b>LIABILITIES AND FUND BALANCE</b>   |                         |   |   |
| Liabilities:                              |                         |   |   |
| Accounts payable and accrued expenses     | \$ 5,605                | \$ -                                    | \$ 5,605                                |
| Due to other agencies                     | 81,476                  | -                                       | 81,476                                  |
| Total liabilities                         | 87,081                  | -                                       | 87,081                                  |
| Fund balances:                            |                         |   |   |
| Unassigned                                | 236,095                 | -                                       | 236,095                                 |
| Committed                                 | 163,682                 | -                                       | 163,682                                 |
| Restricted for:                           |                         |   |   |
| Activities                                | -                       | 7,830                                   | 7,830                                   |
| Bridging the digital divide               | 16,537                  | -                                       | 16,537                                  |
| Transportation                            | 7,169                   | -                                       | 7,169                                   |
| Total fund balances                       | 423,483                 | 7,830                                   | 431,313                                 |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 510,564</b>       | <b>\$ 7,830</b>                         | <b>\$ 518,394</b>                       |

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

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | <b>General<br/>Fund</b>  | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------|---|---|
| <b>Support and revenue</b>                          |                          |   |   |
| Public contributions                                | \$ 262,428               | \$ 20,553                               | \$ 282,981                              |
| Events  | 84,286                   | -                                       | 84,286                                  |
| Miscellaneous                                       | 33,382                   | -                                       | 33,382                                  |
| Total revenues                                      | <u>380,096</u>           | <u>20,553</u>                           | <u>400,649</u>                          |
| <b>Expenditures</b>                                 |                          |   |   |
| Grants, contributions, and programs                 | 87,038                   | 16,503                                  | 103,541                                 |
| Classroom grants                                    | 118,882                  | 4,050                                   | 122,932                                 |
| Professional services                               | 24,931                   | -                                       | 24,931                                  |
| Events  | 27,103                   | -                                       | 27,103                                  |
| Miscellaneous                                       | 16,463                   | -                                       | 16,463                                  |
| Total expenditures                                  | <u>274,417</u>           | <u>20,553</u>                           | <u>294,970</u>                          |
| <br>Net change in fund balance                      | <br><u>105,679</u>       | <br><u>-</u>                            | <br><u>105,679</u>                      |
| <b>Fund balance, beginning of year, as restated</b> | 317,804                  | 7,830                                   | 325,634                                 |
| <b>Fund balance, end of year</b>                    | <u><u>\$ 423,483</u></u> | <u><u>\$ 7,830</u></u>                  | <u><u>\$ 431,313</u></u>                |

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

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

The following is a summary of the more significant accounting policies and practices of The Foundation for Leon County Schools, Inc. (the “Foundation”) which effect significant elements of the accompanying financial statements:

(a) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Foundation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

(b) **Reporting entity**—The Foundation is a nonprofit organization under Internal Revenue Code Section 501(c)(3) and operates as a direct-support organization under Section 1001.453, Florida Statute. The purpose of the Foundation is 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.

The accounting policies adopted by the Foundation conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. There were no entities that required inclusion as a component unit within the Foundation’s financial statements.

(c) **Basis of presentation – government-wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds even though the latter are excluded from the government-wide financial statements.

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government’s funds. There is only one fund category, governmental, for which a fund financial statement is presented. The emphasis of fund financial statements is on the major governmental fund. There is only one major individual governmental fund reported in the fund financial statements.

The Foundation reports the following major governmental fund:

The *general fund* is established to account for resources devoted to directly supporting the Foundation for Leon County Schools, Inc. All operating resources are recorded in the general fund.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

(e) **Measurement focus and basis of accounting**—The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). The basis of accounting determines when transactions and economic events are reflected in the financial statements, and measurement focus identifies which transactions and events should be recorded.

Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and actual collection will occur either a) during the current period or, b) after the end of the period but in time to pay fund liabilities. Generally, grant revenues are recorded as revenue when they are susceptible to accrual and conditions of the grant have been satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

(f) **Budgetary information**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund.

(g) **Assets, liabilities, and net position/fund balance**—

(i) **Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less.

(ii) **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(iii) **Net position flow assumption** - Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

(g) **Assets, liabilities, and net position/fund balance** (Continued)

(iv) **Fund balance flow assumptions** - Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(v) **Fund balance policies** - Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Foundation's highest level of decision-making authority. The Foundation's Board is the highest level of decision-making authority for the Foundation that can, by a formal vote, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the decision remains in place until a similar action is taken (the adoption of another decision) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Foundation for specific purposes but do not meet the criteria to be classified as committed. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(h) **Revenues and expenditures—**

(i) **Contributions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

(h) **Revenues and expenditures—**(Continued)

Contributed materials, facilities and services are recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets that expires. Therefore, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

(ii) **Income Taxes** - The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

The Foundation files income tax returns in the U.S. Federal jurisdiction. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

(2) **Cash and Cash Equivalents:**

**Deposits—Custodial credit risk—deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. At year end, the carrying amount of the Foundation's deposits was \$354,712 and the bank balance was \$357,549. The total bank balance is covered by Federal depository insurance or by collateral held by the Foundation's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

(3) **Risk Management:**

**Risk Management—**The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Personal Property

There have not been any settlements in excess of insurance coverage.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(4) Uncertainty:**

During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Foundation as of October 14, 2021, management believes that a material impact on the Foundation's financial position and results of future operations is reasonably possible.

**(5) Beneficial Interest in Endowment:**

During the year ended June 30, 2021, the Foundation had a beneficial interest in an endowment held by The Community Foundation of North Florida, Inc. for the purpose of helping to further and carry out the purpose of the Foundation for Leon County Schools, Inc. As of June 30, 2021, the fair value of the Foundation for Leon County Schools, Inc.'s endowment fund excluding third party contributions was \$163,682.

Contractually, The Community Foundation of North Florida, Inc. retains legal ownership of principal amounts contributed. However, because the Foundation for Leon County Schools, Inc. names itself as the beneficiary of such contributions, even though the variance power is explicitly stated in the gift instrument to The Community Foundation of North Florida, Inc., the principal balances and any earnings or losses thereon are reported as Beneficial Interest in Endowment on the financials.

The Fund is subject to the variance power described in Treasury Reg. Sec.1.170A-9(e)(11)(v)(B)(1) of the Internal Revenue Code of 1986, as amended from time to time. The Community Foundation of North Florida, Inc. has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of The Community Foundation of North Florida, Inc.'s Board of Directors (without the necessity of the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the North Florida Community and other areas served by the Foundation.

**(6) Fair Value Measurements:**

The Fair Value Measurements and Disclosures Topic of the GASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:



**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(6) **Fair Value Measurements:** (Continued)

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial interest in assets held by Community Foundation of North Florida, Inc. - Assets held by the Foundation are invested in equities and mutual funds that have quoted prices in active markets. The Foundation adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the asset being carried at fair value. The interest in the assets held by the Foundation is measured using level 3 inputs within the fair value hierarchy. These assets totaled \$163,682 as of June 30, 2021. The following is a schedule of the activity of these level three assets at June 30, 2021:

|  | <b>Endowment<br/>Fund</b> |
|--|---------------------------|
| Balance, June 30, 2020   | \$ 132,731                |
| Contributions  | -                         |
| Unrealized gains (losses) relating to instruments still held at reporting date | 33,152                    |
| Admin fee  | (2,201)                   |
| Balance, June 30, 2021   | \$ 163,682                |

(7) **In-Kind Support:**

**In-Kind Support**—In-kind contributions of facilities and services are reflected as direct support in the statement of activities at their estimated fair value when received. The primary source of the Foundation's in-kind support of \$133,324 is from the Leon County School District for operating costs. In-kind facilities and services from all sources consist of the following for the year ended June 30, 2021:

|                           |            |
|---------------------------|------------|
| Office space and salaries | \$ 133,324 |
|---------------------------|------------|

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(8) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Foundation’s financial statements:

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

**(9) Subsequent Events:**

**Subsequent events**—Subsequent events have been evaluated through October 14, 2021 , which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**(10) Restatement of Beginning Equity:**

The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. During the year ended June 30, 2021, the Foundation implemented Statement No. 84, which required certain activities that were previous reported as fiduciary activities now be reported as activities of the primary government as management has determined the School has administrative involvement of these funds. The impact of the restatement of beginning equities increased both total fund balance, net position, and cash by \$7,830.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

|  | <b>Budgeted Amounts</b> |                   | <b>General<br/>Fund</b> | <b>Variance With<br/>Final Budget</b> |
|--|-------------------------|-------------------|-------------------------|---------------------------------------|
|  | <b>Original</b>         | <b>Final</b>      |                         |                                       |
| <b>Support and Revenue</b>             |                         |                   |                         |                                       |
| Public contributions                   | \$ 218,340              | \$ 218,340        | \$ 262,428              | \$ 44,088                             |
| Events                                 | 131,000                 | 131,000           | 84,286                  | (46,714)                              |
| Miscellaneous                          | 660                     | 660               | 33,382                  | 32,722                                |
| Total revenues                         | <u>350,000</u>          | <u>350,000</u>    | <u>380,096</u>          | <u>30,096</u>                         |
| <b>Expenditures</b>                    |                         |                   |                         |                                       |
| Grants, contributions, and programs    | 132,000                 | 132,000           | 87,038                  | (44,962)                              |
| Classroom grants                       | 100,000                 | 100,000           | 118,882                 | 18,882                                |
| Professional services                  | 25,100                  | 25,100            | 24,931                  | (169)                                 |
| Events                                 | 75,596                  | 75,596            | 27,103                  | (48,493)                              |
| Miscellaneous                          | 17,304                  | 17,304            | 16,463                  | (841)                                 |
| Total expenditures                     | <u>350,000</u>          | <u>350,000</u>    | <u>274,417</u>          | <u>(75,583)</u>                       |
| <b>Net change in fund balances</b>     | <u>-</u>                | <u>-</u>          | 105,679                 | 105,679                               |
| <b>Fund balance, beginning of year</b> | 317,804                 | 317,804           | 317,804                 | -                                     |
| <b>Fund balance, end of year</b>       | <u>\$ 317,804</u>       | <u>\$ 317,804</u> | <u>\$ 423,483</u>       | <u>\$ 105,679</u>                     |

The accompanying notes to schedule of revenues, expenditures  
and changes in fund balance - budget and actual are an integral part of this schedule.

**THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the Foundation for Leon County Schools, Inc.’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget presented for fiscal year ended June 30, 2021, according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of The Foundation for Leon County Schools, Inc. as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise The Foundation for Leon County Schools, Inc.'s basic financial statements, and have issued our report thereon dated October 14, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Foundation for Leon County Schools, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Foundation for Leon County Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Foundation for Leon County Schools, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

- 20 -

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### **Finding 2021-001: Segregation of Duties**

**Condition and Criteria:** Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. Due to the size of the Foundation's accounting and administrative staff certain internal controls are not in place that would be preferred if the staff were large enough, to provide optimum segregation of duties.

**Cause:** One employee is responsible for collecting payments, entering deposits into the accounting system and making deposits at the financial institution. In addition, one employee is responsible for reviewing invoices, entering disbursements into accounting system, and preparing and mailing checks. Also, we noted no official review process for journal entries.

**Effect:** There is an increased risk of manipulation of cash receipts and disbursements that could result in the financial statements being material misstated and misappropriation of assets.

**Recommendation:** We recommend that the Board continue to be actively involved in the Foundation's transactions through review of monthly board packets, financials, and review of journal entries.

### ***Compliance and Other Matters***

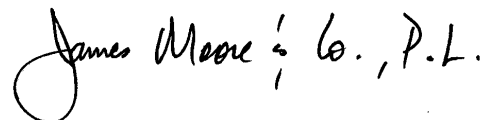
As part of obtaining reasonable assurance about whether The Foundation for Leon County Schools, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

### **The Foundation for Leon County Schools, Inc.'s Response to Finding**

The Foundation for Leon County Schools, Inc.'s response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Foundation for Leon County Schools, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tallahassee, Florida  
October 14, 2021



## **Corrective Action Plan**

### **Finding 2021-001: Segregation of Duties**

Due to having only one employee it is extremely difficult to achieve a segregation of duties. This is an area that many nonprofits have difficulties obtaining due to small administrative staffs. The Foundation Board of Directors does review financial statements on a monthly basis and the Board Treasurer is actively involved in the processes.