

**BREVARD SCHOOLS FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Brevard Schools Foundation, Inc.

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Brevard Schools Foundation, Inc. (the Foundation) (a nonprofit organization), a component of the School Board of Brevard County, Florida, which comprise the statements of financial position as of June 30, 2022 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2023, 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.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

### ***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 21, 2023

**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Assets:		
Cash	\$ 1,017,054	\$ 1,069,378
Grants receivable	38,048	41,563
Promises to give, net	216,451	154,152
Accounts receivable	3,763	41,280
Inventory	393,238	342,084
Prepaid expenses	17,077	16,133
Investments	2,628,247	2,455,615
Equipment and software, net of accumulated depreciation of \$26,826 in 2023 and \$26,208 in 2022	669	1,287
Prepaid tuition scholarships	2,874,990	3,100,194
Total assets	\$ 7,189,537	\$ 7,221,686
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 25,766	\$ 83,355
Accrued expenses	84,454	77,570
Deferred revenue	43,798	-
Total liabilities	154,018	160,925
Net assets:		
Without donor restrictions	754,799	557,315
With donor restrictions	6,280,720	6,503,446
Total net assets	7,035,519	7,060,761
Total liabilities and net assets	\$ 7,189,537	\$ 7,221,686

The accompanying notes are an integral part of these financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions of cash and other financial assets	\$ 449,255	\$ 1,793,793	\$ 2,243,048
Contributions of non-financial assets	45,634	646,925	692,559
Special events	120,073	284,690	404,763
Government grants	-	343,637	343,637
Contributions from education			
license plates	11,549	-	11,549
Endowments	-	25,000	25,000
Net assets released from restrictions:			
Satisfaction of program restrictions	3,247,348	(3,247,348)	-
	3,873,859	(153,303)	3,720,556
Total revenue and support			
<b>EXPENSES</b>			
Program services			
School support	1,906,744	-	1,906,744
Senior scholarships	108,375	-	108,375
School supply store	598,009	-	598,009
Take Stock in Children program	528,014	-	528,014
Management and general	402,086	-	402,086
Fundraising	194,938	-	194,938
	3,738,166	-	3,738,166
Total expenses			
Change in net assets - before investments	135,693	(153,303)	(17,610)
Unrealized loss from scholarships	-	(180,264)	(180,264)
Gain on investments, net	61,791	110,841	172,632
	197,484	(222,726)	(25,242)
Change in net assets			
Net assets, beginning of year	557,315	6,503,446	7,060,761
	\$ 754,799	\$ 6,280,720	\$ 7,035,519
Net assets, end of year			

The accompanying notes are an integral part of these financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions of cash and other financial assets	\$ 478,335	\$ 2,104,368	\$ 2,582,703
Contributions of non-financial assets	37,238	1,934,212	1,971,450
Special events	98,865	255,534	354,399
Government grants	3,600	355,490	359,090
Contributions from education			
license plates	11,276	-	11,276
Other income	232,766	-	232,766
Endowments	-	13,250	13,250
Net assets released from restrictions:			
Satisfaction of program restrictions	4,021,639	(4,021,639)	-
	4,883,719	641,215	5,524,934
Total revenue and support			
<b>EXPENSES</b>			
Program services			
School support	2,063,135	-	2,063,135
Senior scholarships	70,737	-	70,737
School supply store	1,773,655	-	1,773,655
Take Stock in Children program	450,141	-	450,141
Management and general	413,213	-	413,213
Fundraising	182,040	-	182,040
	4,952,921	-	4,952,921
Total expenses			
Change in net assets - before investments	(69,202)	641,215	572,013
Unrealized loss from scholarships	-	(198,357)	(198,357)
Loss on investments, net	(129,618)	(243,831)	(373,449)
	(198,820)	199,027	207
Change in net assets			
Net assets, beginning of year	756,135	6,304,419	7,060,554
Net assets, end of year	\$ 557,315	\$ 6,503,446	\$ 7,060,761

The accompanying notes are an integral part of these financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services				Support Services			Total Expenses	
	School Support	Senior Scholarships	School Supply Store	Take Stock in Children Program	Total Program Services	Management and General	Fundraising		Total Support Services
Supplies	\$ 88,477	\$ -	\$ 381,491	\$ 12,436	\$ 482,404	\$ 5,850	\$ 19,065	\$ 24,915	\$ 507,319
Occupancy	-	-	62,757	14,107	76,864	24,619	-	24,619	101,483
<b>Total non-financial expenses</b>	<b>88,477</b>	<b>-</b>	<b>444,248</b>	<b>26,543</b>	<b>559,268</b>	<b>30,469</b>	<b>19,065</b>	<b>49,534</b>	<b>608,802</b>
School support and allocations	1,387,650	-	-	-	1,387,650	-	-	-	1,387,650
Supplies	166,946	-	31,687	650	199,283	1,991	5,000	6,991	206,274
Payroll and related costs	7,828	-	94,916	176,202	278,946	272,003	87,578	359,581	638,527
Scholarships	-	108,375	-	316,668	425,043	2,650	-	2,650	427,693
Event expense	79,221	-	19,736	7,543	106,500	-	54,784	54,784	161,284
Office and other expense	93,346	-	7,422	-	100,768	-	26,015	26,015	126,783
Professional and and contracted services	68,585	-	-	-	68,585	48,422	1,248	49,670	118,255
Membership, dues and fees	14,691	-	-	408	15,099	15,604	1,248	16,852	31,951
Technology and equipment	-	-	-	-	-	30,947	-	30,947	30,947
<b>Total expenses</b>	<b>\$ 1,906,744</b>	<b>\$ 108,375</b>	<b>\$ 598,009</b>	<b>\$ 528,014</b>	<b>\$ 3,141,142</b>	<b>\$ 402,086</b>	<b>\$ 194,938</b>	<b>\$ 597,024</b>	<b>\$ 3,738,166</b>

The accompanying notes are an integral part of these financial statements.



**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services				Support Services			Total Expenses	
	School Support	Senior Scholarships	School Supply Store	Take Stock in Children Program	Total Program Services	Management and General	Fundraising		Total Support Services
Supplies	\$ 131,871	\$ -	\$ 1,580,691	\$ 3,620	\$ 1,716,182	\$ 171	\$ 15,110	\$ 15,281	\$ 1,731,463
Occupancy	-	-	63,186	14,816	78,002	25,857	-	25,857	103,859
<b>Total non-financial expenses</b>	<b>131,871</b>	<b>-</b>	<b>1,643,877</b>	<b>18,436</b>	<b>1,794,184</b>	<b>26,028</b>	<b>15,110</b>	<b>41,138</b>	<b>1,835,322</b>
School support and allocations	1,597,609	-	-	-	1,597,609	-	-	-	1,597,609
Supplies	122,073	-	25,079	355	147,507	840	5,000	5,840	153,347
Payroll and related costs	10,378	-	81,013	155,426	246,817	284,374	76,437	360,811	607,628
Scholarships	-	70,737	-	263,076	333,813	2,650	-	2,650	336,463
Event expense	75,414	-	15,454	7,543	98,411	-	59,608	59,608	158,019
Office and other expense	75,223	-	8,232	4,246	87,701	7,208	23,390	30,598	118,299
Professional and contracted services	31,482	-	-	-	31,482	42,791	-	42,791	74,273
Membership, dues and fees	19,085	-	-	1,059	20,144	14,849	-	14,849	34,993
Technology and equipment	-	-	-	-	-	34,473	2,495	36,968	36,968
<b>Total expenses</b>	<b><u>\$ 2,063,135</u></b>	<b><u>\$ 70,737</u></b>	<b><u>\$ 1,773,655</u></b>	<b><u>\$ 450,141</u></b>	<b><u>\$ 4,357,668</u></b>	<b><u>\$ 413,213</u></b>	<b><u>\$ 182,040</u></b>	<b><u>\$ 595,253</u></b>	<b><u>\$ 4,952,921</u></b>

The accompanying notes are an integral part of these financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from donors	\$ 2,914,806	\$ 2,864,191
Governmental grants received	347,152	366,022
Cash received from investments	37,417	141,773
Cash received from endowments	25,000	13,250
Other cash received	416,312	351,766
Payments to schools and school programs	(2,529,064)	(1,890,031)
Payments for salaries and benefits	(634,502)	(624,756)
Payments to vendors	(319,400)	(510,296)
Net cash provided by operating activities	257,721	711,919
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(99,530)	(512,202)
Proceeds from sale of investments	62,113	120,421
Purchase of scholarships	(272,628)	(148,192)
Net cash used in investing activities	(310,045)	(539,973)
Net (decrease) / increase in cash	(52,324)	171,946
Cash and cash equivalents, beginning of year	1,069,378	897,432
Cash and cash equivalents, end of year	\$ 1,017,054	\$ 1,069,378
<b>SUPPLEMENTAL INFORMATION</b>		
<b>SCHEDULE OF NONCASH INVESTING ACTIVITIES</b>		
State match for purchase of scholarships	\$ 136,314	\$ 203,891
Unrealized loss from scholarships	(180,264)	(198,357)
<b>TOTAL OF NONCASH INVESTING ACTIVITIES</b>	\$ (43,950)	\$ 5,534

The accompanying notes are an integral part of these financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Brevard Schools Foundation, Inc. (the Foundation) is a not-for-profit corporation organized exclusively for educational and charitable purposes as described in Section 501(c)(3) of the Internal Revenue Code to receive, hold, invest and administer real and personal, tangible and intangible property and to make expenditures to or for the benefit of public kindergarten through twelfth grade education in Brevard County, Florida. The Foundation is a direct support organization for the School Board of Brevard County, Florida. The Foundation's primary revenue sources are fundraising events, contributions and grants.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts and Grants Receivable

The Foundation has accounts receivable, primarily from various funding sources, and receivables for grant funding. Management reviews receivables monthly for collectability based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Foundation considers accounts and grants receivable at June 30, 2023 and 2022 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Promises to Give

The Foundation records promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Inventory

The Foundation operates a School Supply Store to provide a way to transfer donated school supplies to teachers free of charge for use in their classrooms. The Foundation obtains inventory items by purchase and by accepting donations of school supplies for distribution to teachers and schools. The contributed supplies are valued at fair value. Purchased supplies are recorded at cost. Inventory value is stated at the lower of cost or market, determined on the first-in, first-out method.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets and Depreciation

The Foundation capitalizes all expenditures for capital assets with a value in excess of \$2,000 and a useful life greater than one year. Lesser amounts or purchases with a useful life of less than a year are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gain and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on 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. The Board of Directors has designated, from net assets without donor restrictions, net assets for various operating reserves.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed (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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function; therefore, these expenses are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, telephone and postage, which are allocated on a square footage basis; as well as salaries and related costs, and travel, which are allocated on the basis of estimates of time and effort. Certain other costs are specifically identified as benefiting a specific program or supporting function, such as provision of scholarships.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Tax Status

The Foundation is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income tax under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). The organization has been determined not to be a private foundation. Contributions to the Foundation are qualified as deductions for charitable contributions. The Foundation is not subject to unrelated business income tax for the fiscal years ended June 30, 2023 and 2022.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 21, 2023, the date the financial statements were available to be issued.

Accounting Pronouncements Implemented

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended, in fiscal year ended June 30, 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Foundation adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Foundation's financial statements.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounting Pronouncements Implemented (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), that requires lessees to put most leases on their balance sheet and recognize expenses on their income statement in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Foundation adopted ASC 842 effective July 1, 2022. The adoption has no significant impact on the Foundation's financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY OF FUNDS**

The Foundation's financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Financial Assets at June 30	\$ 3,903,563	\$ 3,761,988
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(3,097,623)	(3,097,403)
Board designations	(460,516)	(445,976)
Other unavailable	<u>(100,498)</u>	<u>(87,350)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 244,926</u>	<u>\$ 131,259</u>

The Foundation raises and receives donations from multiple sources and makes expenditures for the benefit of public K-12 education in Brevard County, Florida. Donations are for multiple school support and educational program purposes and multiple time periods. The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Therefore, financial assets may not be available for general expenditure within one year.

As part of the Foundation's liquidity management, the Board of Directors maintains three reserve accounts according to policy. The target amount set in Operating/Working Capital (Liquidity) Reserve Policy is three months average operating and program expenses. The target amount set in the Emergency Reserve Policy is six months' average operating costs, including programs. The target amount set in the Take Stock in Children (TSIC) Program Reserve Policy is six months of average TSIC operating costs. These targets were met at both June 30, 2023 and 2022. Board-designated reserve balances total \$460,516 and \$445,976 at June 30, 2023 and 2022, respectively. While not included in the table above, these reserves could be made available for general expenditure by Board action if necessary.

The Board's Finance Committee closely monitors cash flow and invests excess funds in short-term low- to moderate-risk investments.

**BREVARD SCHOOLS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Foundation maintains cash in banks in amounts that are from time to time in excess of federally insured limits. The excess subject to this credit risk was approximately \$497,000 and \$558,000 at June 30, 2023 and 2022, respectively.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	2023	2022
Computer equipment	\$ 2,706	\$ 2,706
Equipment	3,089	3,089
Software	21,700	21,700
Total cost	27,495	27,495
Less: accumulated depreciation	(26,826)	(26,208)
Total	\$ 669	\$ 1,287

**NOTE 5 – PROMISES TO GIVE**

Promises to give consists of the following at June 30:

	2023	2022
United Way designations	\$ 11,381	\$ 9,099
Pledges, net	205,070	145,053
Total promises to give	\$ 216,451	\$ 154,152

Champions for Children Pledges

The Foundation has established a multi-year giving society, the Champions for Children. Pledges by society members provide undesignated support to allow the Foundation to fill educational funding and opportunity gaps in Brevard public schools. Pledges are scheduled to be collected through 2028.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 5 – PROMISES TO GIVE (continued)**

Champions for Children Pledges (continued)

A summary of amounts pledged and collected consists of the following at June 30:

	2023	2022
Total pledges	\$ 278,218	\$ 262,350
Less: amounts collected	(38,193)	(89,830)
Pledges receivable at June 30	240,025	172,520
Less: allowance for uncollectible pledges	(21,602)	(15,527)
Less: discount	(13,353)	(11,940)
	\$ 205,070	\$ 145,053
Amounts due in:		
Less than one year	\$ 139,527	\$ 85,170
One to five years	100,498	87,350
	\$ 240,025	\$ 172,520

An allowance for uncollectible pledges has been established by management; the amount of the allowance was \$21,602 and \$15,527 at June 30, 2023 and 2022, respectively. Pledges due in more than one year are reflected at the present value of estimated future cash flows, using a discount rate of 3.19% and 3.86% at June 30, 2023 and 2022, respectively.

**NOTE 6 – PREPAID TUITION SCHOLARSHIPS**

Other assets consist of prepaid tuition scholarships purchased by the Foundation to benefit Brevard County students. The Foundation held two hundred seventy-three (273) scholarships with a total value of \$2,874,990 at June 30, 2023 and two hundred ninety-two (292) with a total value of \$3,100,194 at June 30, 2022. The prepaid tuition scholarships are valued using the actuarial present value of the future contract benefits and expenses obligation. This valuation method reflects the present value of estimated contract benefits and expenses that will be paid in future years and is adjusted for the effects of projected tuition and fees and dormitory housing fees increases and termination of contracts.

The Foundation participates in the Project STARS Program, a program funded by the State of Florida and administered by the Florida Prepaid College Foundation. The program provides matching funds for private money used to purchase prepaid scholarships to be awarded to at-risk students. Fifty-four awards were made in fiscal 2023 and forty-six awards were made in fiscal 2022.



**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 7 – CONCENTRATIONS**

There are receivables from one state grantor representing 15% of total receivables at June 30, 2023 and 18% of total receivables at June 30, 2022. These represent concentrations of risk for the Foundation. In fiscal 2022, noncash gifts from one not-for-profit donor represented 33% of total revenues.

Amounts invested in one family of mutual funds represent 59% of total investments at June 30, 2023 and 57% of total investments at June 30, 2022. Amounts invested in another mutual fund represent 19% of total investments at June 30, 2023 and 21% of total investments at June 30, 2022. Amounts invested in stocks represent 10% of total investments at June 30, 2023 and 2022.

**NOTE 8 – REVENUE**

The Foundation recognizes revenue from contracts and for a portion of the funds received in relation to special events. The revenue portion of special events from contracts for the years ended June 30, 2023 and 2022 was \$122,272 and \$122,777, respectively.

**NOTE 9 – DONOR RESTRICTIONS OF NET ASSETS**

Net assets are restricted by donors for the following purposes at June 30:

Net assets with donor restrictions

Restricted for:	2023	2022
School support	\$ 1,718,792	\$ 1,895,963
Senior scholarships	805,640	668,500
School supply store	715,718	632,513
Take Stock in Children program	3,040,570	3,306,470
Total designated net assets	<u>\$ 6,280,720</u>	<u>\$ 6,503,446</u>

**NOTE 10 – BOARD DESIGNATIONS OF NET ASSETS**

The Board of Directors have directed that three reserves be maintained: 1) Operating/Working Capital Reserve to provide cash flow for a period of three months; 2) Take Stock in Children (TSIC) Program Reserve to assure funds to maintain the TSIC program for six months; and 3) Emergency Reserve to maintain ongoing operations for six months and/or cover unforeseen necessary improvements. Certain funds with donor restrictions exist to support the TSIC Program in excess of the reserve requirement. The other reserves are adequately provided for at June 30, 2023 and 2022, as shown below.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 10 – BOARD DESIGNATIONS OF NET ASSETS (continued)**

Board designated funds increased by \$14,540; there were no uses of these funds or transfers out of the designations during fiscal year ended June 30, 2023.

Net assets without donor restrictions

Designated by the Board for:

	2023	2022
Operating/ Working Capital reserve	\$ 115,000	\$ 112,000
Emergency reserve	230,000	224,000
Teacher minigrants	115,516	109,976
Total designated net assets	\$ 460,516	\$ 445,976

**NOTE 11 – ALLOCATION OF JOINT COSTS**

In fiscal 2023 and 2022, the organization incurred joint costs of approximately \$109,000 and \$108,000, respectively, for activities that included fundraising. Of those costs, approximately \$42,000 and \$45,000, respectively, was allocated to fundraising and approximately \$67,000 and \$63,000, respectively, was allocated to program expense, primarily in the category of school support.

**NOTE 12 – ENDOWMENT FUNDS**

The Foundation's endowment consists of ten individual funds established for the purpose of funding certain initiatives with donor-restricted funds; nine of the funds are to provide scholarships and one is to benefit the school store. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 12 – ENDOWMENT FUNDS (continued)**

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to generate income to fulfill the charitable purposes of the Foundation that are supported by its endowment funds, while also achieving growth in asset value of the endowment funds at a rate greater than inflation, as measured by the Consumer Price Index. Achieving these objectives requires assuming a moderate level of risk, a long-term horizon and diversification among assets. Funds are invested to maximize total return (capital appreciation, interest and dividend income) consistent with a prudent level of risk. Actual returns in any given year may vary from these income and growth goals. Short-term volatility will be tolerated as long as it is consistent with a comparable market index.

*Spending Policy.* The Foundation annually determines amounts to be spent from the endowments in accordance with a formal Endowment Spending Policy. The Foundation has adopted a policy of disbursing up to five percent of the available assets in the fund to the program or activity designated by the donor. The policy permits the level of disbursement to exceed the current year's earnings in certain years. No amounts are appropriated from the endowments' original values, which are retained inviolate, according to the donors' wishes.

At June 30, 2023 and 2022, respectively, funds with original gift values of \$539,728 and \$514,728, fair values of \$708,443 and \$642,444, and no deficiencies were reported in net assets with donor restrictions.

Endowment net asset composition and changes in endowment net assets as of June 30 is as follows:

Donor-restricted endowment funds	2023	2022
Balance, beginning of year	\$ 642,444	\$ 773,647
Contributions	25,000	13,250
Investment return, net	46,999	(138,695)
Appropriated for expenditure	(6,000)	(5,758)
Balance, end of year	<u>\$ 708,443</u>	<u>\$ 642,444</u>

**NOTE 13 – RETIREMENT PLAN**

The Foundation has a SIMPLE IRA plan in which employees are eligible to participate based on meeting certain compensation limits. Participants may generally elect to defer up to \$13,500 of their compensation under the plan, and the Foundation will match the deferral up to 3 percent of the employee's compensation. Matching contributions for the fiscal years ended June 30, 2023 and 2022 were \$11,338 and \$12,550, respectively.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 14 – RELATED PARTIES**

The Foundation is a direct support organization and component unit of the School Board of Brevard County, Florida. The Foundation's Board of Directors take office upon approval of the School Board.

The School Board provides office facilities, including technology support and telephones, and space for the School Supply Store, to the Foundation without charge. The Foundation has recognized the estimated fair value of the facilities and utilities provided, approximately \$101,000 and \$104,000 in fiscal 2023 and 2022, respectively, as contribution revenue and expenses in the accompanying financial statements. The School Board of Brevard County also provided \$50,000 to the Foundation in both fiscal 2023 and 2022 for the provision of services to the district school system. The Foundation earned \$232,766 in fiscal 2022, under a contract with the School Board for curriculum development.

For the years ended June 30, 2023 and 2022, contributed services of approximately \$40,650 and \$41,500 and contributions of approximately \$2,000 and \$4,500 were provided by a company owned by a member of the Board of Directors, respectively.

**NOTE 15 – FAIR VALUE MEASUREMENTS**

The Foundation reports its investments at fair value on a recurring basis. Recurring fair value measurements are categorized using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

The three-tier hierarchy of inputs is summarized in the following categories:

Level 1: quoted prices in active markets for identical investments.

Level 2: other significant observable inputs, including quoted prices for similar investments in active markets, etc.

Level 3: significant unobservable inputs, including management's assumptions in determining the fair value of investments.

The fair value of the investments is reflected in the Statement of Net Positions.

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 15 – FAIR VALUE MEASUREMENTS (continued)**

A summary of investments at June 30, 2023, is as follows:

	2023			
	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 2,051,669	\$ 2,051,669	\$ -	\$ -
Stocks	270,822	270,822	-	-
Corporate bonds	18,025	-	18,025	-
Government bonds	17,162	-	17,162	-
Certificate of deposit	58,140	-	58,140	-
Total investment by level	2,415,818	<u>\$ 2,322,491</u>	<u>\$ 93,327</u>	<u>\$ -</u>
Mutal funds measured at net asset value	<u>212,429</u>			
Total investments at fair value	<u>\$ 2,628,247</u>			

	2022			
	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 1,900,088	\$ 1,900,088	\$ -	\$ -
Stocks	238,392	238,392	-	-
Corporate bonds	22,299	-	22,299	-
Government bonds	19,029	-	19,029	-
Foreign bonds	1,988	-	1,988	-
Certificate of deposit	57,587	-	57,587	-
Total investment by level	2,239,383	<u>\$ 2,138,480</u>	<u>\$ 100,903</u>	<u>\$ -</u>
Mutal funds measured at net asset value	<u>216,232</u>			
Total investments at fair value	<u>\$ 2,455,615</u>			

Net return on investments consists of the following at June 30:

	2023	2022
Interest and dividends	\$ 94,003	\$ 165,069
Management fees	(13,556)	(21,473)
Net gain/(loss)	<u>92,185</u>	<u>(517,045)</u>
	<u>\$ 172,632</u>	<u>\$ (373,449)</u>

**BREVARD SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

**NOTE 16 – CONTRIBUTED NON-FINANCIAL ASSETS**

Donated services and facilities that are measurable are recorded as a contribution at their fair market values at the date of receipt by the Foundation (see Note 14 for facilities donated). The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Foundation also receives donated services from a variety of unpaid volunteers who assist in carrying out major fundraisers and outreach efforts. No amounts have been recognized for these services in the accompanying statements of activities because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Donated teaching supplies supporting the School Supply Store are recorded at estimated market values when received by the teacher, the time at which the goods are deemed to have value. A corresponding amount is recorded as expense.

For the years ended June 30, contributed non-financial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Occupancy	\$ 101,483	\$ 103,859
Supplies	<u>591,076</u>	<u>1,867,591</u>
	<u>\$ 692,559</u>	<u>\$ 1,971,450</u>

For the years ended June 30, the contributed non-financial assets were related to the following activities:

	<u>2023</u>	<u>2022</u>
Administration	\$ 45,634	\$ 37,238
Fundraising events	60,449	60,078
Various program activities	<u>586,476</u>	<u>1,874,134</u>
	<u>\$ 692,559</u>	<u>\$ 1,971,450</u>

**ADDITIONAL ELEMENT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



**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  
Brevard Schools Foundation, Inc.

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 Brevard Schools Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

**Report on 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) as a basis for designing 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.

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 or significant deficiencies may exist that were not identified.

**Report on 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 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*.

**Partners**

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Certified Public  
Accountants

Florida Institute of  
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**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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 21, 2023