THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
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JUNE 30, 2023

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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in 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, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing principles generally accepted in the United States of America (GAAS) 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 for Leon County Schools, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Foundation for Leon County Schools, Inc.'s 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 a substantial doubt about The Foundation for Leon County Schools, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 for Leon County Schools, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise a substantial doubt about The Foundation for Leon County Schools, Inc.'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.

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 4 - 6 and 19 - 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 November 8, 2023, 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
November 8, 2023

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023.

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 7 - 8 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 9 - 10 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 11 - 17 of this report.

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 19 - 20 of this report.

Government-wide Financial Analysis

The assets of The Foundation for Leon County Schools, Inc. exceeded its liabilities at June 30, 2023, by $465,305, 57% of this total or $263,197 is unrestricted.

Net Position: The Foundation for Leon County Schools, Inc.'s net position increased by $40,812.

Net Position

	2023	2022
Cash and cash equivalents	$ 275,556	$ 275,592
Certificate of deposit	70,201	2,307
Accounts receivable	10,992	-
Beneficial interest in endowment	158,392	150,787
Restricted cash and cash equivalents	59,538	72,362
Accounts payables and accrued expenses	(40,059)	(1,315)
Due to other agencies	(59,538)	(72,362)
Deferred revenue	(9,777)	(2,878)
Net position	$ 465,305	$ 424,493

Changes in Net Position

	2023	2022
Program revenues:		
Operating grants and contributions	$ 882,023	$ 650,146
General revenues:		
Other	13,736	(9,808)
Total revenues	895,759	640,338
Expenses:		
Direct support	854,947	647,158
Change in net position	40,812	(6,820)
Net position, beginning of year	424,493	431,313
Net position, end of year	$ 465,305	$ 424,493

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 2024 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, 2023

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 275,556
Certificate of deposit	70,201
Accounts receivable	10,992
Beneficial interest in endowment	158,392
Restricted cash and cash equivalents	59,538
Total Assets	$ 574,679
LIABILITIES	
Accounts payable and accrued expenses	$ 40,059
Due to other agencies	59,538
Deferred revenue	9,777
Total Liabilities	$ 109,374
NET POSITION	
Unrestricted	$ 263,197
Committed	158,392
Restricted for:	
Bridging the digital divide	37,063
Transportation	6,653
Total Net Position	$ 465,305

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, 2023

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities			
Direct support	$ 854,947	$ 882,023	$ 27,076
Total governmental activities	$ 854,947	$ 882,023	27,076
General revenues:			
Other			3,832
Investment gain (loss)			9,904
Change in net position			40,812
Net position, beginning of year			424,493
Net position, end of year			$ 465,305

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, 2023

	General Fund
ASSETS	
Cash and cash equivalents	$ 275,556
Certificate of deposit	70,201
Accounts receivable	10,992
Beneficial interest in endowment	158,392
Restricted cash and cash equivalents	59,538
Total Assets	$ 574,679
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	$ 40,059
Due to other agencies	59,538
Deferred revenue	9,777
Total liabilities	109,374
Fund balances:	
Unassigned	263,197
Committed	158,392
Restricted for:	
Bridging the digital divide	37,063
Transportation	6,653
Total fund balances	465,305
Total Liabilities and Fund Balance	$ 574,679

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, 2023

	General Fund
Support and revenue	
Public contributions	$ 369,795
Grants	241,492
Events	132,907
Miscellaneous	3,832
Investment gain (loss)	9,904
Total revenues	757,930
Expenditures	
Grants, contributions, and programs	242,038
Classroom grants	322,785
Professional services	19,100
Events	104,516
Miscellaneous	28,679
Total expenditures	717,118
Net change in fund balance	40,812
Fund balance, beginning of year, as restated	424,493
Fund balance, end of year	$ 465,305

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

(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.

(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 expandable 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) **Accounts receivable** – Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

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

(iii) **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.

(iv) **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.

(v) **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.

(vi) **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.

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

(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.

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.

(i) **New accounting pronouncements**—GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) The Foundation has considered the impact of this new accounting standard and determined that there is no impact to the financial statements related to the implementation.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance on the accounting and financial reporting for Public-private and public-public partnership arrangements. The Foundation has considered the impact of this new accounting standard and determined that there was no impact on the financial statements related to implementation.

(j) **Reclassification/Restatement**—Certain prior year amounts have been reclassified to conform to current year presentation. In addition, activities that were previously recorded in a separate fund in the prior years, were determined to be General Fund Activities and included in the General Fund in the current year.

(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 $405,295 and the bank balance was $476,118. 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.

(4) Beneficial Interest in Endowment:

During the year ended June 30, 2023, 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, 2023, the fair value of the Foundation for Leon County Schools, Inc.'s endowment fund excluding third party contributions was $158,392.

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 balanees 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 bccomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the North Florida Community and other areas served by the Foundation.

(5) 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:

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 $158,392 as of June 30, 2023. The following is a schedule of the activity of these level three assets at June 30, 2023:

	Endowment Fund
Balance, June 30, 2022	$ 150,787
Contributions	-
Unrealized gains (losses) relating to instruments still held at reporting date	9,904
Admin fee	(2,299)
Balance, June 30, 2023	$ 158,392

(6) 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. In-kind support is not included for fund presentation. The primary source of the Foundation's in-kind support of $137,829 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, 2023:

Office space	$ 37,440
Salaries	100,389
Total in-kind support	$ 137,829

(7) 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. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(8) Subsequent Events:

Subsequent events—Subsequent events have been evaluated through November 8, 2023 , which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

THE FOUNDATION FOR LEON COUNTY SCHOOLS, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		General	Variance With
	Original	Final	Fund	Final Budget
Support aud Revenue				
Public contributions	$ 144,554	$ 144,554	$ 369,795	$ 225,241
Grants	143,000	143,000	241,492	98,492
Events	121,000	121,000	132,907	11,907
Miscellaneous	180	180	3,832	3,652
Investment gain (loss)	-	-	9,904	9,904
Total revenues	408,734	408,734	757,930	349,196
Expenditures				
Grants, contributions, and programs	143,734	143,734	242,038	(98,304)
Classroom grants	136,000	136,000	322,785	(186,785)
Professional services	23,500	23,500	19,100	4,400
Events	87,300	87,300	104,516	(17,216)
Miscellaneous	24,200	24,200	28,679	(4,479)
Total expenditures	414,734	414,734	717,118	(302,384)
Net change in fund balances	(6,000)	(6,000)	40,812	46,812
Fund balance, beginning of year	424,493	424,493	424,493	-
Fund balance, end of year	$ 418,493	$ 418,493	$ 465,305	$ 46,812

The accompanying notes to schedule of revenues, expenditures
and changes in fund balance - budget and actual - General Fund 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, 2023

(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, 2023, according to Board procedures.

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

JAMESMOORE

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, 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, 2023, 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 November 8, 2023.

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 certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies to be a material weaknesses:

Finding 2023-001: 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 or credit card transactions.

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 and credit card transactions.

Finding 2023-002: Significant Adjustments

Condition and Criteria: 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 ("GAAP"). Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Canse: Management relied on auditors to propose entries that had not been recorded at the time of the audit.

Effect: The financial statements could be materially misstated if all adjustments are not made in accordance with GAAP.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

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.

James Moore & Co., P.L.

Tallahassee, Florida
November 8, 2023

Corrective Action Plan

Finding 2023-001: Segregation of Duties

Due to having only one employee it is very 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.

All checks require two signatures of authorized representatives of the foundation.

Finding 2023-002: Significant Adjustments

Due to miscommunication between the Foundation for Leon County Schools and its bookkeeping firm there were some adjustments that were not made prior to the audit.

In the future, all adjustments will be made in a timely manner and will be in accordance with GAAP. We will be reviewing our process for identifying accounting transactions and make the necessary changes immediately.

Sincerely,

Eric Clark

Eric Clark
Executive Director
Foundation for Leon County Schools