

*Financial Statements and  
Other Information*

**PASCO EDUCATION FOUNDATION, INC.**

**June 30, 2023 and 2022**

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**(With Independent Auditor's Report Thereon)**

PASCO EDUCATION FOUNDATION, INC.

Financial Statements and Other Information

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## **Independent Auditor's Report**

The Board of Directors  
Pasco Education Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of Pasco Education Foundation, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Pasco Education Foundation, Inc. as of June 30, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pasco Education Foundation, 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**

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 Pasco Education Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Prior Period Financial Statements**

The financial statements of Pasco Education Foundation as of June 30, 2022 were audited by other auditors whose report dated October 10, 2022 expressed an unmodified opinion on those statements.

### **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 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 Pasco Education Foundation, 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 substantial doubt about Pasco Education Foundation, 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2023 on our consideration of Pasco Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Pasco Education Foundation, Inc.'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 Pasco Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Scharf, Tschagg, Whitcomb, Mitchell & Shulman, LLP*

October 26, 2023  
Maitland, Florida

PASCO EDUCATION FOUNDATION, INC.

**Statements of Financial Position**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 469,477	438,716
Accounts receivable	57,016	51,993
Investments	871,224	826,934
Total current assets	1,397,717	1,317,643
Prepaid scholarships	1,205,590	1,212,888
Endowment investments	2,553,549	2,181,292
Other assets	10,418	10,418
Total assets	<u>\$ 5,167,274</u>	<u>4,722,241</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 310	3,397
Total current liabilities	<u>310</u>	<u>3,397</u>
Net Assets:		
Without donor restrictions:		
Undesignated	727,089	606,395
Underwater endowments	-	75,567
Total net assets without donor restrictions	<u>727,089</u>	<u>681,962</u>
With donor restrictions:		
Restricted for specified purpose	1,890,292	1,855,590
Restricted in perpetuity - endowment	2,549,583	2,256,859
Underwater endowments	-	(75,567)
Total net assets with donor restrictions	<u>4,439,875</u>	<u>4,036,882</u>
Total net assets	<u>5,166,964</u>	<u>4,718,844</u>
Total liabilities and net assets	<u>\$ 5,167,274</u>	<u>4,722,241</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statements of Activities**

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Revenue and support		
Special events	\$ 397,322	374,410
Less: direct costs of special events	(108,353)	(81,117)
Total special events, net of direct costs	288,969	293,293
Contributions	477,151	351,072
In-kind contributions	61,366	59,645
Grant revenue	389,422	438,109
Net assets released from restrictions	134,000	99,500
Total revenues and support without donor restrictions	<u>1,350,908</u>	<u>1,241,619</u>
Expenses:		
Program expenses	1,221,860	1,037,150
Support services:		
Administrative	79,059	65,115
Fundraising	84,092	88,245
Total expenses	<u>1,385,011</u>	<u>1,190,510</u>
Other changes:		
Investment return	123,825	(444,161)
Change in net assets without donor restrictions	<u>89,722</u>	<u>(393,052)</u>
Changes in net assets with donor restrictions:		
Endowment contributions	292,724	-
Contributions restricted for a specified purpose	199,674	232,725
Net assets released from restrictions	(134,000)	(99,500)
Change in net assets with donor restrictions	<u>358,398</u>	<u>133,225</u>
Increase (decrease) in net assets	448,120	(259,827)
Net assets, beginning of year	<u>4,718,844</u>	<u>4,978,671</u>
Net assets, end of year	<u>\$ 5,166,964</u>	<u>4,718,844</u>

See accompanying notes to financial statements.



PASCO EDUCATION FOUNDATION, INC.

**Statement of Functional Expenses**

Year ended June 30, 2023

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Expenses</u>
Salaries and related expenses:					
Salaries and wages	\$ 288,097	38,413	57,619	96,032	384,129
Payroll taxes	26,036	3,471	5,207	8,678	34,714
Employee benefits	25,295	3,373	5,059	8,432	33,727
	<u>339,428</u>	<u>45,257</u>	<u>67,885</u>	<u>113,142</u>	<u>452,570</u>
Other expenses:					
Grants	336,242	-	-	-	336,242
Student scholarships	273,677	-	-	-	273,677
Amortization of Florida prepaid scholarships	54,645	-	-	-	54,645
Events	57,436	-	-	-	57,436
Banquets and events	79,400	-	-	-	79,400
Professional fees	-	17,660	-	17,660	17,660
Occupancy costs	46,025	6,136	9,205	15,341	61,366
Supplies	10,542	1,406	2,109	3,515	14,057
IT costs	1,792	239	358	597	2,389
Dues and subscriptions	11,963	1,595	2,393	3,988	15,951
Cell phone expense	938	125	188	313	1,251
Bank and merchant fees	-	1,117	-	1,117	1,117
Marketing costs	-	4,221	-	4,221	4,221
Travel and meetings	3,907	521	781	1,302	5,209
Insurance	5,865	782	1,173	1,955	7,820
Total expenses	<u>1,221,860</u>	<u>79,059</u>	<u>84,092</u>	<u>163,151</u>	<u>1,385,011</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statement of Functional Expenses**

Year ended June 30, 2022

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Expenses</u>
Salaries and related expenses:					
Salaries and wages	\$ 307,393	40,986	61,478	102,464	409,857
Payroll taxes	23,375	3,117	4,674	7,791	31,166
Employee benefits	27,055	3,607	5,411	9,018	36,073
	<u>357,823</u>	<u>47,710</u>	<u>71,563</u>	<u>119,273</u>	<u>477,096</u>
Other expenses:					
Grants	266,469	-	-	-	266,469
Student scholarships	200,391	-	-	-	200,391
Amortization of Florida prepaid scholarships	30,927	-	-	-	30,927
Banquets and events	59,550	-	-	-	59,550
Professional fees	7,194	7,194	790	7,984	15,178
Printing costs	855	-	-	-	855
Occupancy costs	52,645	2,800	4,200	7,000	59,645
Supplies	38,248	4,500	2,250	6,750	44,998
IT costs	3,731	498	746	1,244	4,975
Dues and subscriptions	4,931	658	986	1,644	6,575
Cell phone expense	3,264	435	653	1,088	4,352
Bank and merchant fees	-	-	1,116	1,116	1,116
Marketing costs	-	-	3,964	3,964	3,964
Travel and meetings	3,844	513	768	1,281	5,125
Insurance	6,049	807	1,209	2,016	8,065
Total expenses before depreciation	<u>1,035,921</u>	<u>65,115</u>	<u>88,245</u>	<u>153,360</u>	<u>1,189,281</u>
Depreciation	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,229</u>
Total expenses	<u>\$ 1,037,150</u>	<u>65,115</u>	<u>88,245</u>	<u>153,360</u>	<u>1,190,510</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statements of Cash Flows**

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 448,120	<u>(259,827)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	1,229
Net unrealized and realized (gains) losses on investments	(80,073)	466,115
Amortization of Florida prepaid scholarships	54,646	30,927
Matching contributions for Florida prepaid scholarships	(23,674)	(19,475)
Paycheck Protection Program loan forgiveness	-	(95,522)
(Increase) decrease in accounts receivable	(5,023)	(27,627)
Increase (decrease in accounts payable and accrued expenses	<u>(3,088)</u>	<u>(2,933)</u>
Total adjustments	<u>(57,212)</u>	<u>352,714</u>
Net cash provided by operating activities	<u>390,908</u>	<u>92,887</u>
Cash flows from investing activities:		
Purchase of Florida prepaid scholarships	(23,674)	(19,475)
Redemption of certificates of deposit	-	114,836
Purchase of investments	<u>(336,473)</u>	<u>(136,669)</u>
Net cash provided by (used in) investing activities	<u>(360,147)</u>	<u>(41,308)</u>
Net increase in cash and cash equivalents	30,761	51,579
Cash and cash equivalents - beginning of year	<u>438,716</u>	<u>387,137</u>
Cash and cash equivalents - end of year	<u>\$ 469,477</u>	<u>438,716</u>

See accompanying notes to financial statements.