

2023

Public Education Foundation of Marion
County, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**PUBLIC EDUCATION FOUNDATION OF
MARION COUNTY, INC.
OCALA, FLORIDA**

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Public Education Foundation of Marion County, Inc.
Ocala, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Public Education Foundation of Marion County, Inc. (the Foundation) a component unit of the Marion County District School Board (the District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the changes in its financial position and 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 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 the Foundation 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 the Foundation'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.

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Board of Directors
Public Education Foundation of Marion County, Inc.
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

Board of Directors
Public Education Foundation of Marion County, Inc.
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

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 September 11, 2023, on our consideration of the Foundation's internal control over financial reporting and 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 the 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.



September 11, 2023
Ocala, Florida

**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of the Public Education Foundation of Marion County, Inc.'s (the Foundation) annual financial report presents our discussion and analysis of financial performance for the fiscal periods ended on June 30, 2023 and 2022. Please read it in conjunction with the preceding Independent Auditor's Report and financial statements following this section.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide information about activities and present a longer term view of financial position. The Statements of Cash Flows provide information regarding net cash from (used in) various activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These notes are an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of activities and performance.

FINANCIAL ANALYSIS

NET POSITION

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 988,542	\$ 945,743
Capital Assets, Net	3,056	4,892
Non-Current Assets	3,230,669	2,790,910
Total Assets	<u>4,222,267</u>	<u>3,741,545</u>
Current Liabilities	<u>51,398</u>	<u>48,072</u>
Total Liabilities	<u>51,398</u>	<u>48,072</u>
Net Position:		
Unrestricted	1,117,170	803,711
Net Investment in Capital Assets	3,056	4,892
Restricted	<u>3,050,643</u>	<u>2,884,870</u>
Net Position at End of Year	<u>\$ 4,170,869</u>	<u>\$ 3,693,473</u>

In comparing 2023 activity to 2022 activity, we note the following:

Total assets increased by 12.8%, or \$480,722. Current assets increased by \$42,799, and capital assets decreased by \$1,836. Part of the increase in current assets was caused by a slight increase in cash and cash equivalents. Non-current assets increased by \$439,759 during 2023 as a result of an increase in the Florida Prepaid balance by \$192,655 in purchases and the matching funds.

There was a net increase in total liabilities of \$3,326, due primarily to a slight increase of \$3,716 in funds held on behalf of others.

Total net position increased by \$477,396.

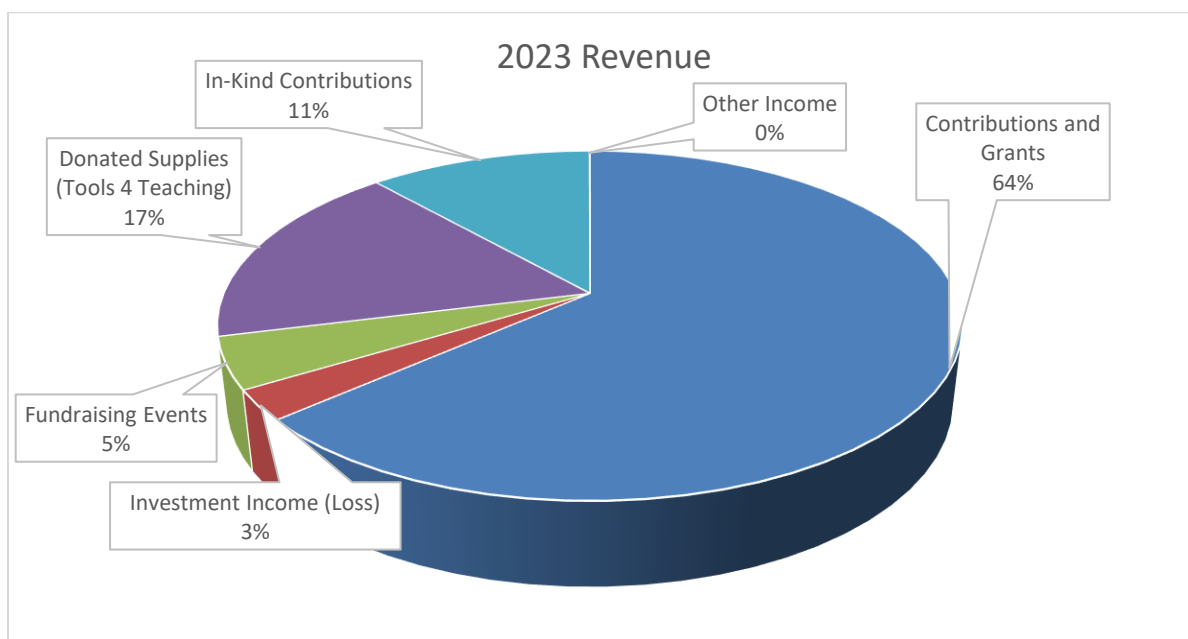
**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CHANGES IN NET POSITION

	<u>2023</u>	<u>2022</u>
Operating Revenue and Support:		
Contributions and Grants	\$ 1,543,541	\$ 1,133,435
Fundraising Events	116,369	140,216
Donated Supplies (Tools 4 Teaching)	425,167	775,416
In-Kind Contributions	282,499	258,990
Other Income	940	3,130
PPP Loan Forgiveness	-	19,799
Total Revenues, Gains, and Other Support	<u>2,368,516</u>	<u>2,330,986</u>
Operating Expenses:		
Program	1,144,151	1,236,091
District Support	388,432	373,872
General and Administrative	397,717	352,254
Fundraising	<u>42,098</u>	<u>45,476</u>
Total Expenses	<u>1,972,398</u>	<u>2,007,693</u>
Net Operating Income	<u>396,118</u>	<u>323,293</u>
Non-Operating Income (Expense)		
Investment Income (Loss)	<u>68,278</u>	<u>(86,585)</u>
	<u>68,278</u>	<u>(86,585)</u>
Contributions from Donors for Permanent Endowments	<u>13,000</u>	<u>12,800</u>
Change in Net Position	477,396	249,508
Net Position at Beginning of Year	3,693,473	3,443,965
Net Position at End of Year	<u>\$ 4,170,869</u>	<u>\$ 3,693,473</u>

Significant differences between 2023 and 2022 revenues and expenses are discussed below:

REVENUES



**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Operating Revenue – Overall Operating Revenue increased by \$37,730, with Contributions and Grants increasing by 36.2% or \$410,306 while Tools 4 Teaching decreased by 45.2%, or \$350,249.

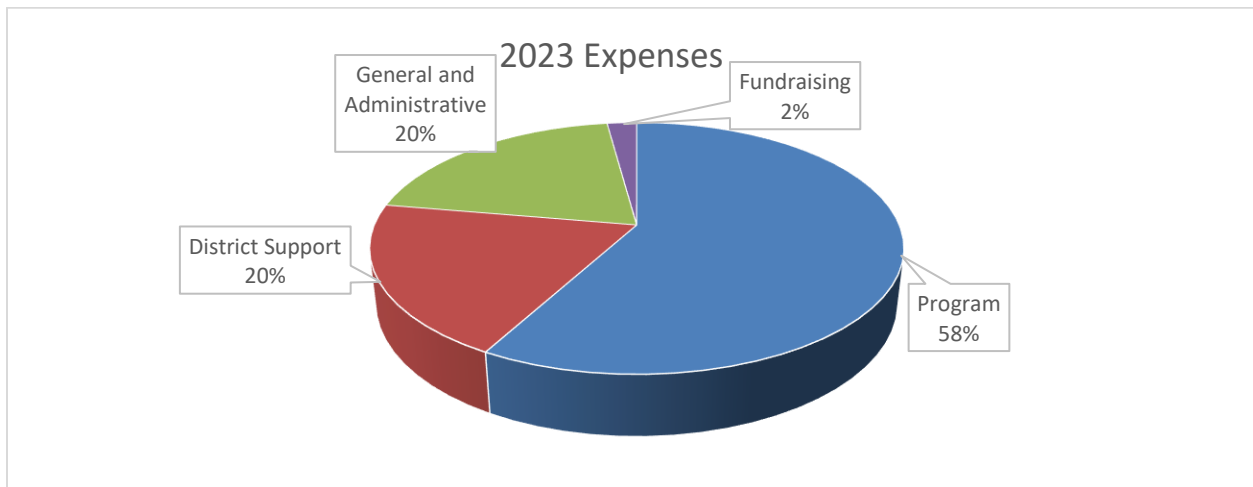
Non-Operating Revenue – Overall Non-Operating Revenue increased by \$154,863, or 178.9%, due to favorable market returns compared to previous year.

Contributions and Grants consists of private non-endowed contributions.

Investment Income is comprised of investment earnings.

In-Kind Contributions are exclusive of direct support received from the School Board (see Note 7), which includes facilities and salary and benefits.

EXPENSES



Program Expenses include various Scholarships, Take Stock in Children, and Tools 4 Teaching.

District Support is comprised of expense for services and support paid to schools and the District primarily through Grants for Great Ideas and Business Partners.

General and Administrative is comprised of salary and benefits of Foundation staff, as well as other administrative fees, supplies, and services for the Foundation.

Fundraising is comprised of expenses for fundraising and special events.

NET POSITION

As a result of the foregoing activity, net position increased by 12.9% or \$477,396. Restricted net position increased by 5.7% or \$165,773, and unrestricted net position excluding net investment in capital assets increased by 39.0% or \$313,459.

**PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

REQUESTS FOR INFORMATION

This section of the Foundation's annual financial report is designed to provide a general overview of the Foundation's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Public Education Foundation of Marion County, Inc. at 1239 NW 4th St. Ocala, Florida 34475.

PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022
OCALA, FLORIDA

	2023	2022
Current Assets		
Cash and Cash Equivalents	\$ 597,124	\$ 506,065
Accounts Receivable	52,801	57,663
Inventory	332,417	376,443
Prepaid Expenses	6,200	5,572
Total Current Assets	988,542	945,743
Property and Equipment, Net	3,056	4,892
Non-Current Assets		
Investments	891,489	614,054
Assets Held by Others	2,329,883	2,168,276
Beneficial Interest in Trust	9,297	8,580
Total Non-Current Assets	3,230,669	2,790,910
Total Assets	4,222,267	3,741,545
Current Liabilities		
Accrued Expenses and Accounts Payable	36,649	37,039
Funds Held on Behalf of Others	14,749	11,033
Total Current Liabilities	51,398	48,072
Total Liabilities	51,398	48,072
Net Position		
Unrestricted	1,117,170	803,711
Net Investment in Capital Assets	3,056	4,892
Restricted:		
Tools 4 Teaching	332,417	376,443
Scholarships	2,557,908	2,361,109
Non-Spendable Endowments	160,318	147,318
Total Net Position	\$ 4,170,869	\$ 3,693,473

See accompanying notes.

PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
OCALA, FLORIDA

	2023	2022
Operating Revenue and Support		
Contributions and Grants	\$ 1,543,541	\$ 1,133,435
Fundraising Events	116,369	140,216
Donated Supplies (Tools 4 Teaching)	425,167	775,416
In-Kind Contributions	282,499	258,990
Other Income	940	3,130
PPP Loan Forgiveness	-	19,799
Total Revenues, Gains, and Other Support	2,368,516	2,330,986
Operating Expenses		
Take Stock in Children	237,935	228,114
Tools 4 Teaching	562,480	803,820
Silver Springs Science Lab	24,399	28,668
District Support	388,432	373,872
Scholarships	95,634	83,063
Florida Prepaid Scholarships Utilized, Net of Value Adjustment	223,703	92,426
General and Administrative	397,717	352,254
Fundraising	42,098	45,476
Total Expenses	1,972,398	2,007,693
Net Operating Income	396,118	323,293
Non-Operating Income (Expense)		
Investment Income (Loss)	68,278	(86,585)
Total Non-Operating Income (Expense)	68,278	(86,585)
Contributions from Donors for Permanent Endowments	13,000	12,800
Change in Net Position	477,396	249,508
Net Position, Beginning of Year	3,693,473	3,443,965
Net Position, End of Year	\$ 4,170,869	\$ 3,693,473

See accompanying notes.

PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2023 AND 2022
OCALA, FLORIDA

	2023	2022
Cash Flows from Operating Activities		
Cash Received from Donors	\$ 1,677,995	\$ 1,300,082
Cash Paid to Suppliers and Others	(963,977)	(780,703)
Cash Paid for Scholarships, Awards, and Grants	(413,802)	(431,450)
Net Cash Provided by Operating Activities	300,216	87,929
Cash Flows from Investing Activities		
Cash Received for Interest and Dividends	35,540	27,717
Cash Received from Sale of Investments	217,277	95,598
Cash Paid for Purchases of Investments	(461,974)	(118,746)
Net Cash (Used in) Provided by Investing Activities	(209,157)	4,569
Net Increase in Cash and Cash Equivalents	91,059	92,498
Cash and Cash Equivalents, Beginning of Year	506,065	413,567
Cash and Cash Equivalents, End of Year	\$ 597,124	\$ 506,065
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 396,118	\$ 323,293
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,836	1,836
Permanent Endowments Contribution	13,000	12,800
Decrease (Increase) in:		
Accounts Receivable	4,862	8,987
Prepaid Expenses and Other Current Assets	(628)	(1,298)
Inventory	44,026	(57,743)
PPP Loan Forgiveness	-	(19,799)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(390)	13,073
Beneficial Interest in Trust	(717)	1,514
Funds Held on Behalf of Others	3,716	(3)
Redemption Value of Assets Held by Others	(161,607)	(194,731)
Total Adjustments	(95,902)	(235,364)
Net Cash Provided by Operating Activities	\$ 300,216	\$ 87,929
Non-Cash Transactions		
In-Kind Contributions from Marion County Public Schools	\$ 282,499	\$ 258,990
Donations of Supplies for Tools 4 Teaching	\$ 425,167	\$ 775,416

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies and practices of the Public Education Foundation of Marion County, Inc. (the Foundation) which affect the accompanying financial statements:

Organization

The Foundation is a Florida corporation, not-for-profit, incorporated under the provisions of Chapter 617, Florida Statutes in August 1988. The Foundation is a district school board direct-support organization created by the authority of Section 237.40, Florida Statutes. The Foundation is considered a component unit of the Marion County District School Board (the School Board). It is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures, to or for the benefit of, public pre-kindergarten through twelfth grade education and adult vocational and community education programs in Marion County, Florida. The Foundation's Board of Directors is comprised of volunteers whose selection is approved by the School Board. The major sources of revenue are Take Stock in Children and direct support from the School Board.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Foundation's financial activity is accounted for in a single fund, which contains restricted and unrestricted components.

The Foundation's operating account includes unrestricted and restricted resources, representing the portion of expendable and non-expendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively. 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.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

The Foundation files income tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Foundation is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities after three years from the due date of the tax return. The Foundation is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income or excise taxes.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consisted of grant funds receivable and employee payroll contributions from the School Board. Management anticipates subsequent receipt of all of these funds; therefore, no allowance amount was recorded.

Inventory

Inventory consists of donated supplies used for program services specified by the donor. Contributions of inventory are stated at fair value. The Foundation receives and distributes contributions for the Tools 4 Teaching program to assist teachers with classroom supplies.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of net position. Unrealized gains and losses are included in the statements of revenues, expenses, and changes in net position.

Capital Assets

The Foundation follows the practice of capitalizing at cost all expenditures for equipment in excess of \$500. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets.

Paycheck Protection Program

The Foundation received a Paycheck Protection Program (PPP) loan during the COVID-19 pandemic. PPP loan funds were expended on expenses that the Foundation determined were eligible for forgiveness. The loan was fully forgiven and recognized as revenue in the prior year.

Net Position

The Foundation's net position is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is non-capital assets that must be used for a particular purpose, as specified by grantors or contributors external to the Foundation. Unrestricted net position is remaining net amount of assets that do not meet the definition of investment in capital assets net of related debt or restricted net position.

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. The Foundation recognizes gifts of cash, investment securities, or pledges receivable as revenue when all eligibility requirements have been met except for pledges to the endowment, which are recognized when funds are received. Donations of securities and other non-monetary items are recorded as revenue based on their acquisition value at the date of the gift.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Classification of Revenues

The Foundation classifies its revenues as operating or non-operating. Operating revenues include the primary activities of contributions from donors, program revenues, and special events. Non-operating revenues include revenues primarily from investment income.

In-Kind Contributions

Contributions of services and donated items, which are provided to the Foundation, have been recorded in the accompanying financial statements. These contributions are recorded at their estimated fair values at date of receipt. In-kind contributions, exclusive of direct support received from the School Board (see Note 7) total \$425,167 and \$775,416 for the years ended June 30, 2023 and 2022, respectively. Volunteer services provided during events held by the Foundation do not meet the criterion used to record donated services and have not been recorded in the financial statements.

In circumstances in which the Foundation distributes gifts in-kind as part of its programs, it reports an expense, which is reported in the program in which the gifts in-kind were used. Although it is the Foundation's practice to distribute gifts in-kind as promptly as possible, the Foundation does hold some gifts in-kind at year-end for the Tools 4 Teaching program for teachers to shop for learning materials. Undistributed gifts in-kind at year-end are reported as inventory. Inventory is valued at the lower of cost or fair value (cost is determined as fair value at the date of gift plus any costs incurred).

Advertising Costs

The Foundation's general policy is to expense advertising costs as incurred. Advertising expense for the years ended June 30, 2023 and 2022, were \$0 and \$650, respectively.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Note 2 - Assets Held by Others

Take Stock in Children Scholarship Program Overview

The Foundation, through its donors for the Take Stock in Children program, purchases two-year scholarship contracts from the Florida Prepaid College Foundation. The State of Florida through the Florida Prepaid College Foundation matches, dollar for dollar, the cost of these scholarship contract purchases and holds the full value of the scholarship contracts, including changes in the scholarship contracts' contract value, on behalf of the Foundation.

The Foundation exercises control over these scholarship contracts by selecting students from Marion County Public Schools to participate in the Take Stock in Children program. Upon completion of the program and graduation from high school, the full contract value of these scholarship contracts is provided to the students for their college education. Any unused scholarships may be reinvested in new scholarship contracts to be provided to new students or existing students.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

	<u>2023</u>	<u>2022</u>
Beginning Contract Value	\$ 2,168,275	\$ 1,973,545
Purchases by Foundation	192,655	143,578
Matching Contributions by the Florida Prepaid College Foundation	192,655	143,578
Florida Prepaid Scholarships Utilized, Net of Value Adjustment	<u>(223,702)</u>	<u>(92,426)</u>
Ending Contract Value	<u>\$ 2,329,883</u>	<u>\$ 2,168,275</u>

Contract Value

The Foundation has reported the current value of the scholarship contracts based on information provided by the Florida Prepaid College Foundation, which values the scholarship contracts based on available hours on the contract and the average rates paid to Florida universities and colleges.

Florida Prepaid Scholarships Utilized, Net of Value Adjustment

The Foundation has reported the Florida Prepaid Scholarships Utilized, Net of Value Adjustment based on information provided by the Florida Prepaid College Foundation. This component consists of changes in the value of the scholarship related to the scholarship usage by students, as well as changes in the value of the scholarship contracts as a result of changes in tuition costs at Florida universities and colleges.

Note 3 - Accounts Receivable

Take Stock in Children

The Foundation receives quarterly grant installments from the Take Stock in Children Foundation, Inc. for the reimbursement of employee salaries and payroll expenses and allowable program operational expenses in the Take Stock in Children program. As of June 30, 2023 and 2022, accounts receivable of \$40,280 and \$43,956, respectively, have been recorded for quarterly grant installments unpaid as of these dates. No allowance for uncollectible receivables related to these amounts has been recorded, as these amounts are expected to be collected in the ordinary course of business within a year.

Employee Payroll Contributions from the School Board

The School Board submits payments to the Foundation for School Board employee payroll contributions periodically. As of June 30, 2023 and 2022, accounts receivable of \$12,521 and \$13,707, respectively, have been recorded for School Board employee payroll contributions. No allowance for uncollectible receivables related to these amounts has been recorded, as these amounts are expected to be collected in the ordinary course of business within a year.

Note 4 - Investments

GASB Statement No. 72, *Fair Value Measurement and Application*, provided the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Level 2—Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. There have been no changes in the methodologies used at June 30, 2023. The valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Foundation's investments in securities and investment funds are reported by investment type at fair value in the composition of investments below:

Investments as of June 30, 2023:

<u>Measurement</u> <u>Endowment Investments</u>	<u>Maturities</u> <u>(Years)</u>	<u>Credit</u> <u>Rating</u>	<u>Fair Value</u>	<u>Fair Value</u> <u>Level</u>
Investments:				
Fixed Income	6.49	BB- to AA	\$ 55,690	1
U.S. and International Equities	N/A	N/A	144,125	1
Cash and Cash Equivalents	N/A	N/A	<u>3,494</u>	1
Total Endowment Investments			<u>203,309</u>	
<u>Measurement</u> <u>Non-Endowment Investments</u>	<u>Maturities</u> <u>(Years)</u>	<u>Credit</u> <u>Rating</u>	<u>Fair Value</u>	<u>Fair Value</u> <u>Level</u>
Investments:				
Fixed Income	6.21	BB- to AA	120,204	1
U.S. and International Equities	N/A	N/A	347,547	1
U.S. Treasury Bonds	Less than 1	AA+	223,923	1
Cash and Cash Equivalents	N/A	N/A	<u>37,825</u>	N/A
Total Non-Endowment Investments			<u>729,499</u>	
Total Investments			932,808	
Cash Deposit Accounts			<u>555,805</u>	
Total Cash, Cash Equivalents and Investments			<u>\$ 1,488,613</u>	

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Presented in the Statement of Net Position

Cash and Cash Equivalents	\$ 597,124
Investments	891,489
Total Cash, Cash Equivalents and Investments	<u>\$ 1,488,613</u>

Investments as of June 30, 2022:

Measurement Endowment Investments	Maturities (Years)	Credit Rating	Fair Value	Fair Value Level
Investments:				
Fixed Income	7.04	BB-AA	\$ 56,488	1
U.S. and International Equities	N/A	N/A	117,144	1
Cash and Cash Equivalents	N/A	N/A	<u>3,616</u>	N/A
Total Endowment Investments			<u>177,248</u>	

Measurement Non-Endowment Investments	Maturities (Years)	Credit Rating	Fair Value	Fair Value Level
Investments:				
Fixed Income	5.66	BB-AA	140,570	1
U.S. and International Equities	N/A	N/A	283,029	1
Cash and Cash Equivalents	N/A	N/A	<u>13,207</u>	N/A
Total Non-Endowment Investments			<u>436,806</u>	
Total Investments			614,054	
Total Cash and Cash Equivalents			<u>506,065</u>	
Total Cash, Cash Equivalents and Investments			<u>\$ 1,120,119</u>	

Presented in the Statement of Net Position

Cash and Cash Equivalents	\$ 506,065
Investments	614,054
Total Cash, Cash Equivalents and Investments	<u>\$ 1,120,119</u>

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, establishes disclosure requirements related to the following types of investment risks:

Credit Risk—Credit risk relates to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit for debt securities of the Foundation is presented in the schedule above. Investment ratings are from Moody’s Investor Services, Inc., Standard & Poor’s, and Fitch.

Interest Rate Risk—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The weighted average maturities are presented in the schedule above.

Note 5 - Capital Assets

Capital assets consist of the following at June 30, 2023:

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and Equipment	\$ 10,816	\$ -	\$ -	\$ 10,816
Vehicle	25,150	-	-	25,150
Less: Accumulated Depreciation	(31,074)	(1,836)	-	(32,910)
	<u>\$ 4,892</u>	<u>\$ (1,836)</u>	<u>\$ -</u>	<u>\$ 3,056</u>

Capital assets consist of the following at June 30, 2022:

	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and Equipment	\$ 10,816	\$ -	\$ -	\$ 10,816
Vehicle	25,150	-	-	25,150
Less: Accumulated Depreciation	(29,238)	(1,836)	-	(31,074)
	<u>\$ 6,728</u>	<u>\$ (1,836)</u>	<u>\$ -</u>	<u>\$ 4,892</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022, is \$1,836 and \$1,836, respectively.

Note 6 - Net Position

Net positions at June 30, 2023 and 2022, are available for the following purposes or periods:

	2023	2022
Unrestricted		
Invested in Property, Plant and Equipment	\$ 3,056	\$ 4,892
Undesignated	<u>1,117,170</u>	<u>803,711</u>
Total Unrestricted	<u>\$ 1,120,226</u>	<u>\$ 808,603</u>
Restricted		
Tools 4 Teaching	2023	2022
Total Inventory for Tools 4 Teaching	\$ 332,417	\$ 376,443
Total Tools 4 Teaching	<u>\$ 332,417</u>	<u>\$ 376,443</u>
Non-Spendable Endowments	2023	2022
Marion County Medical Society	\$ 45,519	\$ 45,519
Colt Alumni Winners Circle	55,000	42,000
Student Media Festival Endowment	25,000	25,000
The Margaret "Peggie" Anderson Endowment	20,049	20,049
Fort McCoy Alumni Scholarship	10,000	10,000
Westport High School Music Scholarship Endowment	4,750	4,750
Total Non-Spendable Endowments	<u>\$ 160,318</u>	<u>\$ 147,318</u>

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Scholarships - Restricted	<u>2023</u>	<u>2022</u>
Florida Prepaid Scholarships	\$ 2,329,883	\$ 2,168,276
The Margaret "Peggie" Anderson Scholarship Fund	45,904	43,788
Unspent Earnings on Endowments	42,991	29,930
Joshua Rossignol Memorial Scholarship	25,737	22,237
Trudy Boone Foxfire Realty	17,000	19,000
Jim and Joanne Yancey Scholarship Fund	30,868	16,268
Marion County Medical Society	14,264	14,264
John Gibb Memorial Scholarship	5,625	-
Others Whose Balance is Less than \$2,500	4,315	9,028
Walter William Wade Memorial	9,500	10,500
Teacher to Be	8,881	8,323
Gissy, Hancock, Eno, McGurn	5,000	8,000
Fred Smiley Scholarship Fund	6,264	*
Fort McCoy Alumni Scholarship	3,373	5,372
Marilyn Hughes	3,142	*
FICPA	2,503	2,503
Niko Malidelis	2,658	*
Colt Alumni Winners Circle	*	3,620
Total Scholarships/Spendable Endowments	<u>\$ 2,557,908</u>	<u>\$ 2,361,109</u>

* Balance was below \$2,500

Note 7 - Direct-Support Received from the School Board

The School Board is authorized under Section 237.40, Florida Statutes, to provide or permit use of property, facilities, and personal services of the School Board by a direct-support organization. At June 30, the School Board provided direct-support to the Foundation as follows:

Direct-Support Received	<u>2023</u>	<u>2022</u>
Salaries and Benefits	\$ 224,035	\$ 200,526
Facilities	58,464	58,464
Total Direct-Support Received	<u>\$ 282,499</u>	<u>\$ 258,990</u>

Additionally, the School Board provides use of equipment and information services support. A value for the use of equipment and information services support has not been established and is not included in the accompanying financial statements.

Note 8 - Concentration of Credit Risk

Demand Deposits

The Foundation maintains demand deposit accounts with a national bank in which funds are insured by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the funds held in these accounts may exceed FDIC limits.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

Revenue

The Foundation receives a significant amount of its support from the School Board and the School Board's employees. A significant reduction in the level of this support, if this were to occur, may have an effect on the Foundation's programs and activities.

Note 9 - Endowments

The Foundation's endowments consist of six (6) donor-restricted funds. As required by GAAP, net positions associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Spending and Investment Policy

The Foundation has adopted investment policies, approved by the Board of Directors, that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term and growth of the fund corpus. The Foundation's investment policies were designed to achieve this objective. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor specified period(s), as well as Board-designated funds.

The Foundation recognizes that the strategic allocation of portfolio assets across broadly defined financial assets and sub asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and portfolio asset value stability.

The Foundation expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Foundation wishes to retain flexibility with respect to making periodic changes to the portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying Foundation spending policies, and/or the capital markets and assets classes in which the portfolio exists.

Foundation assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of the Foundation equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments.

Note 10 - Interest in Beneficial Trust

Amounts reported in the statements of net position as interest in beneficial trust are at current market value. The balance is from cumulative transfers by the Foundation to the Community Foundation of Ocala Marion County and related earnings. The Community Foundation of Ocala Marion County holds and invests the funds on behalf of the Foundation in an endowment fund for the benefit of the Foundation. Funds are to be distributed to the Foundation at their request.

NOTES TO FINANCIAL STATEMENTS
PUBLIC EDUCATION FOUNDATION OF MARION COUNTY, INC.
OCALA, FLORIDA

	2023	2022
Interest in Beneficial Trust		
Amount Transferred by the Foundation	\$ 6,449	\$ 6,449
Income Earned	2,848	2,131
Total Interest in Beneficial Trust	\$ 9,297	\$ 8,580

Note 11 - Funds Held on Behalf of Others

The liability account “Funds Held on Behalf of Others” represent funds received by the Foundation on behalf of others. The Foundation’s policy is to recognize the funds in cash and an offsetting liability until the funds are distributed to the ultimate beneficiary, at which time the asset and liability are removed from the Foundation’s books.

Note 12 - Related-Party Transaction

The School Board provides property, facilities, and personal services to the Foundation as described in Note 7. Several Board members are also employed by the School Board.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES**

**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
Public Education Foundation of Marion County, Inc.
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Public Education Foundation of Marion County, Inc. (the Foundation) a non-profit organization, which comprises the statement of net position as of the year ended June 30, 2023, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated September 11, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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To the Board of Directors
Public Education Foundation of Marion County, Inc.
Ocala, Florida

**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**

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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Purvis Gray

September 11, 2023
Ocala, Florida

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