

**FLORIDA ENDOWMENT FOUNDATION
FOR FLORIDA'S GRADUATES, INC.**
(A Not-For-Profit Organization)

Financial Report

Years Ended June 30, 2015 and 2014

**FLORIDA ENDOWMENT FOUNDATION
FOR FLORIDA'S GRADUATES, INC.**

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LBA Certified Public Accountants, PA

Report of Independent Certified Public Accountants

To the Board of Directors of
Florida Endowment Foundation for Florida's Graduates, Inc.
Flagler Beach, Florida

Report on the Financial Statements

We have audited the accompanying statements of Florida Endowment Foundation for Florida's Graduates, Inc., (a not-for-profit organization), (the Foundation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance on page 11 is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audits.

LBA Certified Public Accountants, P.A.

February 11, 2016

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Statements of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash	\$ 315,170	\$ 351,267
Accounts receivable	760,000	20,000
Property and equipment, net	71,421	33,758
Deposits	<u>1,710</u>	<u>1,250</u>
Total assets	<u>\$ 1,148,301</u>	<u>\$ 406,275</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 865,800</u>	<u>\$ 23,641</u>
Net assets:		
Unrestricted	<u>282,501</u>	<u>382,634</u>
Total liabilities and net assets	<u>\$ 1,148,301</u>	<u>\$ 406,275</u>

See accompanying notes to the financial statements.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Statements of Activities
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue and support:		
State grants	\$ 3,040,000	\$ 40,000
Contract revenue	-	460,000
Other revenues	8,159	37,243
Other corporate grants	-	1,000
Interest income	<u>32</u>	<u>48</u>
Total revenue and support	<u>3,048,191</u>	<u>538,291</u>
Expenses:		
Program services	2,912,705	502,831
Support services:		
Management and general	235,619	134,663
Fundraising expenses	<u>-</u>	<u>104,458</u>
Total expenses	<u>3,148,324</u>	<u>741,952</u>
Change in net assets	(100,133)	(203,661)
Net assets, beginning of year	<u>382,634</u>	<u>586,295</u>
Net assets, end of year	<u>\$ 282,501</u>	<u>\$ 382,634</u>

See accompanying notes to the financial statements.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Statement of Functional Expenses

Year Ended June 30, 2015

	<u>Program Services</u>	<u>Support Services Management and General</u>	<u>Total Expenses</u>
Payroll and related expenses:			
Salaries	\$ 564,226	\$ 41,230	\$ 605,456
Employee benefits	33,491	2,520	36,011
Payroll taxes	49,946	3,753	53,699
Total payroll and related expenses	<u>647,663</u>	<u>47,503</u>	<u>695,166</u>
Other expenses:			
Books and subscriptions	11,527	-	11,527
Conferences and training	12,825	5,239	18,064
Contract services	1,892,101	121,104	2,013,205
Depreciation	-	4,771	4,771
Insurance	11,427	2,017	13,444
Membership/affiliation dues	21,418	-	21,418
Other	16,084	696	16,780
Postage	2,846	711	3,557
Printing and publications	2,769	146	2,915
Professional fees	184,554	13,891	198,445
Program materials	41,666	-	41,666
Rent	809	31,772	32,581
Supplies	23,752	1,767	25,519
Telephone	15,330	5,110	20,440
Travel	26,636	538	27,174
Utilities	1,298	354	1,652
Total other expenses	<u>2,265,042</u>	<u>188,116</u>	<u>2,453,158</u>
Total expenses	<u>\$ 2,912,705</u>	<u>\$ 235,619</u>	<u>\$ 3,148,324</u>

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Statement of Functional Expenses

Year Ended June 30, 2014

	Program Services	Support Services Management and General	Fund Raising	Total Expenses
Payroll and related expenses:				
Salaries	\$ 339,875	\$ 51,730	\$ 73,091	\$ 464,696
Employee benefits	14,749	3,614	1,895	20,258
Payroll taxes	<u>27,308</u>	<u>6,635</u>	<u>6,252</u>	<u>40,195</u>
Total payroll and related expenses	<u>381,932</u>	<u>61,979</u>	<u>81,238</u>	<u>525,149</u>
Other expenses:				
Books and subscriptions	217	-	-	217
Conferences and training	5,440	2,720	1,219	9,379
Contract services	67,394	33,697	15,106	116,197
Depreciation	-	587	-	587
Insurance	9,171	1,446	-	10,617
Interest expense	-	14	-	14
Other	1,389	695	311	2,395
Postage	804	201	-	1,005
Printing and publications	182	91	41	314
Professional fees	23,915	11,958	5,360	41,233
Program materials	2,206	1,103	494	3,803
Rent	738	15,209	-	15,947
Supplies	2,116	1,058	474	3,648
Telephone	586	3,432	-	4,018
Travel	5,445	119	215	5,779
Utilities	<u>1,296</u>	<u>354</u>	<u>-</u>	<u>1,650</u>
Total other expenses	<u>120,899</u>	<u>72,684</u>	<u>23,220</u>	<u>216,803</u>
Total expenses	<u>\$ 502,831</u>	<u>\$ 134,663</u>	<u>\$ 104,458</u>	<u>\$ 741,952</u>

See accompanying notes to the financial statements.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (100,133)	\$ (203,661)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,771	587
Net changes in:		
Accounts receivable	(740,000)	(10,000)
Deposits	(460)	-
Accounts payable and accrued expenses	<u>842,159</u>	<u>(49,383)</u>
Net cash provided (used) by operating expenses	6,337	(262,457)
Cash flows from investing activities:		
Purchases of property and equipment	(42,434)	-
Cash flows from financing activities:		
Net repayments to line of credit	<u>-</u>	<u>(3,061)</u>
Net decrease in cash	(36,097)	(265,518)
Cash, beginning of year	<u>351,267</u>	<u>616,785</u>
Cash, end of year	<u>\$ 315,170</u>	<u>\$ 351,267</u>

See accompanying notes to the financial statements.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

1. Nature of Organization

The Florida Endowment Foundation for Florida's Graduates, Inc. (the Foundation) was established to create a statewide organization focused on providing education, workforce development and economic development for Florida students. The Foundation is currently made up of four programs that operate both independently and cooperatively, depending on the needs of external partners carrying out the Foundation's mission.

Jobs for Florida's Graduates (JFG) is the main program of the Foundation. JFG is a competency based work and life skills program for Florida students that is delivered by licensed educators for middle schools, high schools, community colleges, juvenile justice facilities and community based organizations. This program is affiliated with the National Job's for America's Graduates, which operates in 28 states.

Girls Get IT! (GGIT) was created to develop a statewide network that offers young women opportunities to connect and explore Science, Technology, Engineering and Math (STEM) and Information Technology (IT) leading to rewarding careers. GGIT was created by The Florida Distance Learning Consortium and Cisco Systems, Inc. in 2005. GGIT works with middle and high schools to increase female student participation and graduation rates in STEM and IT coursework, provide STEM and IT career exploration opportunities, and ultimately increase the number of women employed in the STEM and IT fields across the state of Florida.

Victory Over Instability by Choosing Education (VOICE) is a multi-media youth center concept designed to give young people real-world, work-based learning opportunities in journalism, poetry, song-writing, composing, graphic design and publishing.

The SUPERB initiative focuses on social responsibility, teamwork skills, diversity appreciation and common bonds across cultures, expanding friendships and support systems, crisis/bullying prevention and intervention, personal expression and self-awareness. SUPERB uses career exploration, work based learning and community service as a tool of conceptual relevance. SUPERB was created by Senator Jeremy Ring and Nova Southeastern University Graduate School of Humanities and Social Sciences. The Foundation assumed operations of SUPERB in January 2009.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Foundation is presented to assist in understanding the financial statements. The financial statements and accompanying notes are representations of the Foundation's management. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets representing resources generated from operations that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

As of June 30, 2015 and 2014, the Foundation had no temporarily or permanently restricted net assets.

Accounts Receivable

Management evaluates specific accounts receivable outstanding greater than ninety days, makes an estimate of losses to be sustained, and includes this amount in the allowance for doubtful accounts. Uncollectible amounts are charged against the allowance account when management determines, after unsuccessful collection attempts, the possibility of collection is remote. At June 30, 2015 and 2014, the allowance for doubtful accounts was zero. Management does not accrue interest on past due receivables.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value, if contributed. The Foundation capitalizes property and equipment with a cost or fair market value of \$500 or more. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in operations. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets which range from three to ten years.

The Foundation reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the assets or asset group to the undiscounted cash flows that the assets or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairments were deemed to exist at June 30, 2015 and 2014.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions In-Kind

A substantial number of volunteers have donated significant amounts of their time to the Foundation. No amounts have been reflected in the statements for contributed services since the contribution of services did not create or enhance non-financial assets or require specialized skills. When professional services are donated, in-kind values are recorded as contributions.

Income Taxes

The Foundation has received a tax determination letter for the Internal Revenue Service and is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax.

The Foundation evaluates its tax positions for any uncertainties based on the technical merits of the positions taken. The Foundation recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Foundation has analyzed the tax positions taken and has concluded that as of June 30, 2015 and 2014, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

Management is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at June 30, 2015, the Foundation is no longer subject to federal, state or local income tax examinations by taxing authorities for years before 2012. As of and for the years ended June 30, 2015 and 2014, the Foundation did not have a liability for any unrecognized taxes. The Foundation has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Subsequent Events

The Foundation has evaluated the events through the date of the report of independent certified public accountants, the date the financial statements were available to be issued.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Notes to Financial Statements
Years Ended June 30, 2015 and 2014

3. Property and Equipment

Property and equipment by major class of asset consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 30,183	\$ 30,183
Office furniture and equipment	<u>60,625</u>	<u>18,191</u>
	90,808	48,374
Less: accumulated depreciation	<u>(19,387)</u>	<u>(14,616)</u>
Net property and equipment	<u>\$ 71,421</u>	<u>\$ 33,758</u>

4. Line of Credit

The Foundation has a \$75,000 open-ended revolving line of credit, which is payable on demand and is collateralized by the Foundation's assets. The line of credit bears interest at the prime rate (3.25% at June 30, 2015). At June 30, 2015 and 2014 there were no amounts outstanding. The line of credit does not have a stated expiration date.

5. Retirement Plan

The Foundation has a tax deferred annuity retirement plan. Under the provisions of the plan, eligible employees can elect to have a portion of their salary withheld and contributed to the plan. The Foundation is not obligated to contribute to the plan, and made no contributions to the plan during the years ended June 30, 2015 and 2014.

6. Commitments and Contingencies

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk consist principally of cash. Cash balances are exposed to credit risk since the Foundation periodically maintains balances in excess of federally insured limits. The Foundation does not believe it is exposed to any significant credit risk on these deposits.

At June 30, 2015 and 2014, the Foundation had one contract that accounted for 99% and 100%, respectively, of accounts receivable. During the years ended June 30, 2015 and 2014, one contract accounted for 99% and 85%, respectively, of total revenue. The funding of these contracts was awarded on an advance basis and was contingent on specific deliverables that the Foundation reported on a quarterly basis throughout the years.

Other Information

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2015

<u>State Awarding Agency/Project Title</u>	<u>State CSDA Number</u>	<u>State Project Number</u>	<u>State Financial Assistance Expenditures</u>
Florida Department of Education:			
Jobs for Florida Graduates - Florida Endowment Foundation	N/A	91-Q-92855-5P001	\$ 3,000,000
Carl D Perkins State Leadership Non-Traditional Project	N/A	91-Q-1645A-5P001	<u>40,000</u>
Total state financial assistance			<u>\$ 3,040,000</u>

See accompanying notes to Schedule of Expenditures of State Financial Assistance.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Notes to Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Florida Endowment Foundation for Florida's Graduates, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Pass-through Awards

The Foundation does not receive any awards or financial assistance from pass-through entities.

LBA Certified Public Accountants, PA

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 of
Florida Endowment Foundation for Florida's Graduates, Inc.
Flagler Beach, 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 Florida Endowment Foundation for Florida's Graduates, Inc. (a not-for-profit organization), (the Foundation) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness is a deficiency*, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency is a deficiency*, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

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.

LBA Certified Public Accountants, P.A.

February 11, 2016

LBA Certified Public Accountants, PA

**Independent Auditors' Report on Compliance for Each Major Project
and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor
General of the State of Florida**

To the Board of Directors of
Florida Endowment Foundation for Florida's Graduates, Inc.
Flagler Beach, Florida

Report on Compliance for Each Major State Project

We have audited Florida Endowment Foundation for Florida's Graduates, Inc.'s (a not-for-profit organization), (the Foundation) compliance with the types of compliance requirements described in the State of Florida's Executive Office of the Governor's State Projects Compliance Supplement, that could have a direct and material effect on each of the Foundation's major state projects for the year ended June 30, 2015. The Foundation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major State Project

In our opinion, Florida Endowment Foundation for Florida's Graduates, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

LBA Certified Public Accountants, P.A.

February 11, 2016

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	___ Yes	<u>X</u> No	
Significant deficiency(ies) identified, not considered to be material weakness(es)?	___ Yes	<u>X</u> No	
Control deficiency(ies) identified not considered to be significant deficiency(ies)?	___ Yes	<u>X</u> No	
Noncompliance material to financial statement noted?	___ Yes	<u>X</u> No	

State Awards

Dollar threshold used to determine Type A projects:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee for state awards purposes?	___ Yes	<u>X</u> No	
Type of auditors' report on compliance for major projects:	<u>Unmodified</u>		
Internal control over compliance:			
Material weakness(es) identified?	___ Yes	<u>X</u> No	
Significant deficiency (ies) identified not considered to be material weakness(es)?	___ Yes	<u>X</u> No	
Control deficiency(ies) identified, not considered to be significant deficiency(ies)?	___ Yes	<u>X</u> No	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i> ?	___ Yes	<u>X</u> No	

Identification of major state projects:

<u>CSDA Number</u>	<u>Name of State Project or Cluster</u>
91Q-92855-5P001	Florida Department of Education

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Schedule of Findings – Financial Statements

Year Ended June 30, 2015

There were no findings required to be reported.

There were no findings required to be reported to management through a comment letter.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Schedule of Findings and Questioned Costs – State Projects

Year Ended June 30, 2015

There were no findings required to be reported.

There were findings required to be reported to management through a comment letter.

FLORIDA ENDOWMENT FOUNDATION FOR FLORIDA'S GRADUATES, INC.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2015

FLORIDA DEPARTMENT OF EDUCATION

A Single Audit was not required or performed for prior year. Therefore there are no prior audit findings to report.