

BROWARD EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024

BROWARD EDUCATION FOUNDATION, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2024

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Broward Education Foundation, Inc.
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Broward Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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 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 opinions.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on page 22 is presented for purposes of additional analysis 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 audit 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 schedule of functional expenses, 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 September 18, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Miramar, Florida
September 18, 2024

BROWARD EDUCATION FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 528,295
Restricted cash	10,047
Investments	3,124,154
Accounts receivable	100,000
Inventories	<u>2,284,367</u>
Total current assets	<u>6,046,863</u>

Property and equipment, net	<u>703,954</u>
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Other assets:

Prepaid scholarships	4,496,176
Assets held for others	<u>2,738,361</u>
Total other assets	<u>7,234,537</u>
Total Assets	<u>\$ 13,985,354</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 62,423
Loan payable, current portion	21,121
Deferred revenue, current portion	<u>76,687</u>
Total current liabilities	<u>160,231</u>

Non-current liabilities:

Deferred revenue, non-current portion	414,938
Loan payable, non-current portion	505,384
Trust beneficiaries liability	<u>2,738,361</u>
Total non-current liabilities	<u>3,658,683</u>
Total liabilities	<u>3,818,914</u>

Net assets:

Net assets without donor restrictions	6,349,298
Net assets with donor restrictions	<u>3,817,142</u>
Total net assets	<u>10,166,440</u>
Total Liabilities and Net Assets	<u>\$ 13,985,354</u>

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

BROWARD EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions of cash and other financial assets	\$ 3,248,735	\$ 483,472	\$ 3,732,207
Contributions of nonfinancial assets	2,930,913	-	2,930,913
Fundraising Income	225,009	401,434	626,443
Investment income	359,154	-	359,154
Charges for services	108,083	-	108,083
Other income	<u>19,009</u>	<u>-</u>	<u>19,009</u>
Total support and revenue	<u>6,890,903</u>	<u>884,906</u>	<u>7,775,809</u>
OPERATING EXPENSES			
Program services	4,604,869	871,778	5,476,647
Management and general	707,364	-	707,364
Fundraising	<u>317,507</u>	<u>-</u>	<u>317,507</u>
Total expenses	<u>5,629,740</u>	<u>871,778</u>	<u>6,501,518</u>
Change in net assets	1,261,163	13,128	1,274,291
Net assets, beginning of year	<u>5,088,135</u>	<u>3,804,014</u>	<u>8,892,149</u>
Net assets, end of year	<u>\$ 6,349,298</u>	<u>\$ 3,817,142</u>	<u>\$ 10,166,440</u>

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

BROWARD EDUCATION FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:

Change in net assets \$ 1,274,291

Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:

In-kind -inventories (529,878)

Depreciation (16,330)

Unrealized loss on investments (386,202)

Change in operating assets and liabilities:

MSD Investments and pledges 1,706

Accounts receivable (60,000)

Accounts payable and accrued expenses 4,624

Prepaid scholarships (359,118)

Deferred revenue (451,189)

Net cash provided by (used in) operating activities (522,096)

Cash flows from investing activities:

Change in investments, net 28,831

Net cash (used in) investing activities 28,831

Cash flows from financing activities:

Principal payments on loan payable (19,154)

Net cash (used in) financing activities (19,154)

Net (decrease) in cash and cash equivalents (512,419)

Cash and cash equivalents, beginning of the year 1,040,714

Cash and cash equivalents, end of the year \$ 528,295

Non-cash activities:

Contribution of school supplies \$ 2,568,357

Expenditures of school supplies \$ 2,092,601

Supplemental disclosure of cash flow information:

Interest paid \$ 28,808

Change in assets and liabilities of beneficiaries \$ 499,487

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

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 - Organization

Broward Education Foundation, Inc., (“the Foundation”) a component unit of the School Board of Broward County, Florida was incorporated in August 1983. The Foundation is a broadly based, nonprofit direct-support organization of the School Board of Broward County, Florida (the “District”).

The purpose of the Foundation is exclusively educational and charitable, namely, to receive, hold, invest, and administer grant funds, donor funds and property and to make expenditures to enhance public education in Broward County Public Schools. The Foundation secures and distributes contributions from individuals, corporations, and foundations; and also holds fiduciary funds for agencies supporting public education. These funds are used only for the intended purposes set up by these grants/donors/agencies.

The Foundation employs eight individuals who are paid through the Foundation’s payroll. In addition, two individuals employed and paid by the District, work at the Foundation.

The nature and purpose of the Foundation’s programs and funding sources are as follows:

CORE PROGRAMS

Athletics Program

The Athletics Program, piloted in the 2021-2022 academic year with the inaugural Broward County National High School Football Showcase presented by Broward Education Foundation, is developing an enduring legacy of athletic excellence, sportsmanship, and community engagement. Matching elite national teams against Broward’s best in world-class events offer unparalleled competition, mentorship, and camaraderie while fostering the leadership, character, and development of young athletes. In the 2023-2024 academic year, it expanded to include the Kreul Classic Basketball Tournament and the Brian Piccolo Awards Banquet.

Innovative Teaching

With the Foundation’s Innovative Teacher multi-faceted PreK-12 “best practices” model, exemplary teachers are recognized for their ingenuity in developing engaging and proven curricula, their classrooms benefit from grant funding, and their peers enhance and build upon proven methods of academic achievement. Innovative Teacher grant-winning projects funded through the Foundation instill enthusiasm for learning in the District’s students, improve their grasp of the curriculum, and ultimately, increase the likelihood they will stay in school.

Scholarship

Scholarships awarded to qualified graduating students in Broward County Public Schools through Broward Education Foundation are primarily based on need, as well as on merit and academic achievement. Students pursuing a university, college, or vocational education receive scholarships ranging from \$1,000 to a four-year scholarship. Scholarship recipients include numerous first-generation college students, and students facing housing instability, as well as students exhibiting high academic and community service achievements.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Organization (continued)

CORE PROGRAMS (continued)

School Supply Center

Teachers know best what tools students need to succeed in the classroom, and the Foundation’s School Supply Center provides these tools for students in need at no cost. With tremendous support from business and community leaders, educators in schools serving a high percentage of economically disadvantaged students are able to shop twice a year at the Center. Providing school and classroom supplies for under-resourced students is an equitable solution that increases student confidence and learning outcomes.

FUNDING SOURCES

Education First – Employee Giving Campaign

Employees in Broward County Public Schools know that students depend on them, both directly and indirectly. The Foundation’s *Education First Employee Giving Campaign* strongly reinforces the District’s commitment and dedication to quality education. Employee payroll deduction proceeds are allocated to the Foundation’s core programs, namely Innovative Teaching, School Supply Center, and Scholarships.

License for Learning

In 1994, the Florida Legislature approved the design and sale of automobile license plates to support education throughout the state. For each Support Education automobile license tag sold in Broward County, Broward Education Foundation directly receives \$20 from the State of Florida Department of Highway Safety & Motor Vehicles. These funds provide financial support for all of the Foundation’s core programs- Innovative Teaching, School Supply Center, and Scholarships.

Stanley G. Tate Florida Prepaid Scholarship Program

Since its founding in 1990, the Florida Prepaid College Foundation has committed to giving aspiring students the opportunity to build a better future for themselves and the state by providing college scholarships funded through partnerships with individuals, businesses, educational foundations, and the Florida Legislature. Managed by the Florida Prepaid College Board, the Stanley G. Tate Florida Prepaid College Program matches Foundation funds, which enable the Foundation to award scholarships to qualified, low-income seniors.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Organization (continued)

FUNDING SOURCES (continued)

State of Florida - School District Education Foundation Matching Grants

Adopted by Florida’s Legislature in 2000 and administered through the Consortium of Florida Education Foundations, the School District Education Foundation Matching Grants program contributes substantially to the success of students and teachers in Florida’s 2nd largest District. This model public-private partnership, based upon student enrollment, provides matching grant funds for locally generated funds to support Innovative Teaching and School Supply Center programs with a focus on science, technology, engineering, and math, teaching quality, literacy, increasing graduation rates, and underperforming students.

Note 2 – Summary of Significant Accounting Policies

Reporting Entity

For financial statement reporting purposes, the Foundation is considered a component unit of the District, as the District approves the Foundation’s board members. In addition, the Foundation receives specific financial benefits from the District and the District provides financial support to help the Foundation meet its ongoing operating expenses and, thus, the Foundation is included in the Annual Comprehensive Financial Report (“ACFR”) of the District.

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on an accrual basis in conformity with U.S. generally accepted accounting principles.

The financial statement presentation follows the recommendations of ASU 2016-14, Not-for-Profit Entities. Under ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - *net assets with donor restrictions and net assets without donor restrictions*.

Net Assets without Donor Restrictions—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Net Assets of the Foundation are comprised of both “Net Assets With Donor Restrictions” and “Net Assets Without Donor Restrictions.”

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents includes cash on hand and in banks except for cash equivalents associated with the investment accounts.

Income Tax Status

The Foundation qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and, therefore, these financial statements contain no provision for federal income taxes.

Investments

Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statement of activities and in the statement of revenues, expenditures, and changes in fund balance. Securities are generally held in custodial investment accounts administered by certain financial institutions.

The Foundation’s investment policy mix for the long-term investment account is as follows:

Asset Class - Agency Investments	Minimum	Target	Maximum
Equity Investments	0%	15%	25%
Fixed Income	75%	84%	100%
Alternatives	0%	0%	5%
Cash Equivalents	0%	1%	15%
Asset Class - Scholarship Endowment Investments	Minimum	Target	Maximum
Equity Investments	50%	61%	70%
Fixed Income	20%	28%	40%
Alternatives	0%	10%	20%
Cash Equivalents	0%	1%	20%
Asset Class - Unrestricted Investments	Minimum	Target	Maximum
Equity Investments	50%	61%	70%
Fixed Income	20%	28%	40%
Alternatives	0%	10%	20%
Cash Equivalents	0%	1%	20%

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Investments (continued)

The Foundation’s investment policy for the short-term investment fund is that the funds be invested in any of the following security types:

- 1) Securities issued by the U.S. Government and its Agencies and Instrumentalities
- 2) Commercial Paper
- 3) Money Market Mutual Funds
- 4) Certificates of Deposit
- 5) Bankers Acceptances Notes and Repurchase Agreements
- 6) Short-duration Corporate Fixed Income Instruments
- 7) Ultra-Short-Term Fixed Income Mutual or Exchange Traded Funds investing in the above security types.

See Note 4 for further details.

Property and Equipment

Property and equipment, which the Foundation defines as land, buildings and fixed equipment, improvements other than buildings, furniture and equipment, audio/visual equipment, computer software, and motor vehicles with a cost of \$750 or greater and an initial useful life of more than 1 year, are reported in the financial statements. Such assets are recorded at historical cost or at estimated historical cost if the actual historical cost is not available. Donated property and equipment is recorded at estimated fair market value at the date of donation. Property and equipment used in operations is depreciated using the straight-line method over its estimated useful life. The Foundation owns a building that serves as a warehouse and storage for its “Tools for Schools Broward” program. The building is currently being depreciated over 40 years.

Property and equipment of the Foundation is depreciated using the straight-line method over the following useful lives:

Buildings	20–50 years
Improvements	15–40 years
Machinery and equipment	3–20 years

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions of Cash and Other Financial Assets

Contributions received are recognized as revenue when the donor's commitment is received unless amounts are restricted for a subsequent period.

Contributions of Nonfinancial Assets

The Foundation receives certain goods and services which are recognized as contributions of nonfinancial assets within revenue. Unless otherwise noted, the contributions of nonfinancial assets do not have donor-imposed restrictions, and they are utilized by the Foundation.

Prepaid Scholarships

Unused scholarships purchased by the Foundation under the Florida Prepaid Program or through Broward College are recorded as prepaid scholarships. Some of the scholarships are assigned to be given to the students under a conditional promise by the Foundation. These promises are conditioned on the student enrolling in a qualified institution within a certain time period. Failure to comply results in forfeiture of the scholarship back to the Foundation. The scholarships purchased are in most cases matched, dollar for dollar, by the State. As the cost of tuition increases, the value of purchased credit hours is increased at each fiscal year-end.

The resulting increase is recorded as income in the period in which the scholarship hours are revalued. This increase in the value of credit hours is available to the assigned students, but does not revert to the Foundation, should the contracts be refunded to the Foundation or cancelled by the Florida Prepaid Program. However, if the Foundation reassigns the credit hours, the increase in value of the Scholarship stays with the Foundation.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The Foundation obtained a loan to purchase a warehouse for its Tools for School Program. The loan is payable in 10 years and carries a 5.25% fixed interest rate.

Advance Receipts

Advance receipts are recorded when assets are recognized before revenue recognition criteria have been satisfied.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 – Summary of Significant Accounting Policies (cont'd)

Functional Allocation of Expenses

Certain administrative personnel perform duties which benefit both program and support functions. The expenses associated with these personnel are allocated based on the estimated hours devoted to each function. Other common administrative expenses are allocated based on the estimated utilization by the respective function. As a result, certain costs have been allocated among the program and supporting services benefited. The allocation of costs is based on management's estimate, which is periodically reviewed to assess the appropriateness of the cost allocation.

Leases

During fiscal year ended June 30, 2024, the Foundation adopted Accounting Standards Update ("ASU") No. 2016-02, (Updated No. 2020-05), *Leases (Topic 842)* which was issued by the Financial Accounting Standards Board ("FASB") on February 25, 2016, and is effective for fiscal years beginning after December 15, 2021. Topic 842 is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessor accounting is largely unchanged from that applied under previous GAAP. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The total annual expenses and the total minimum lease payments for future years on the Foundation's operating lease arrangements for equipment are trivial and deemed immaterial to both the financial statements of the Foundation and of the District. Due to the trivial nature of the lease amounts, the Foundation determined that the adoption of Topic 842 has no material impact to the financial statements and as such, disclosures have not been made in the financial statements.

Note 3 – Cash, Deposits, and Investments

At June 30, 2024, the Foundation maintained cash balances (including agency funds) of approximately \$1.4 million in a qualified depositories account at various banks. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3 – Cash, Deposits, and Investments (continued)

The Foundation's remaining cash balances are in deposit, money market accounts, and investment accounts at Truist Bank. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The Foundation applies the U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

U.S. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1— Quoted prices in active markets for identical assets or liabilities.

Level 2— Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3— Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All investments of the Foundation are valued using Level 1 inputs. Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement 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 those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2024.

The fair value of common stock and mutual funds is based on quoted market prices in active markets.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3 – Cash, Deposits, and Investments (continued)

The Foundation’s investments as of June 30, 2024 were distributed as reflected in the following table:

Long Term Investment Fund	Investment Policy				
Asset Class	Total Fair Value	Allocation	Minimum	Target	Maximum
Agency					
Equity investments	\$ 269,581	14%	0%	15%	25%
Fixed income	1,241,943	66%	75%	84%	100%
Alternatives	-	0%	0%	0%	5%
Cash equivalents	<u>363,312</u>	19%	0%	1%	15%
Total Investment Funds	<u>\$ 1,874,836</u>	100%			
Unrestricted					
Equity investments	\$ 1,595,757	61%	50%	61%	70%
Fixed income	748,421	28%	20%	28%	40%
Alternatives	130,911	5%	0%	10%	20%
Cash equivalents	<u>158,452</u>	6%	0%	1%	20%
Total Investment Funds	<u>\$ 2,633,541</u>	100%			
Scholarship					
Equity investments	\$ 297,460	61%	50%	61%	70%
Fixed income	139,401	28%	20%	28%	40%
Alternatives	24,385	5%	0%	10%	20%
Cash equivalents	<u>29,367</u>	6%	0%	1%	20%
Total Investment Funds	<u>\$ 490,613</u>	100%			
Short-Term Investment Fund					
Cash equivalents	\$ -				
Ultra-short term fixed income mutual funds	-				
Total Short-Term Investment Funds	-				
Total Investment Funds	<u>4,998,990</u>				
Operating cash in checking and money market accounts, and cash equivalents	<u>1,383,865</u>				
Total cash and investments (governmental and fiduciary fund)	<u>\$ 6,382,855</u>				
Reconciliation to the financial statements					
Cash and cash equivalents – governmental fund	\$ 528,295				
Cash – fiduciary fund	845,523				
Restricted cash	10,047				
Investments – governmental fund	3,124,154				
Investments – fiduciary fund	<u>1,874,836</u>				
Total cash and investments	<u>\$ 6,382,855</u>				

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3 - Cash, Deposits, and Investments (continued)

The underlying investments in common stock and mutual funds are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain common stocks and mutual funds, and the level of uncertainty related to changes in the value of the common stock and mutual funds, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

Interest rate risk. The Foundation’s investment policy does not limit the maturity of fixed income investments. The Foundation manages the risk by monitoring its investments in relation to the economic environment and adjusting its holdings to prevent any loss in principal.

Credit risk. The Foundation’s investment policy requires each portfolio type to maintain certain weighted average credit rating by Standard and Poor’s and Moody’s.

Concentration of credit risk. The Foundation investment policy limits the amount that can be invested in a single investment to no more than five percent of the Foundation’s total portfolio.

Note 4 - Related Party Transactions

As stated in Note 2, the District contributes operating space, supplies, equipment, as well as salaries and benefits for 2 district employees working for the Foundation. For the fiscal year ended June 30, 2024, the amount contributed for the use of office equipment, furniture and fixtures was \$222,564. The amount contributed for the 2 district employees was \$139,992. Those amounts are recorded as revenues and corresponding expenditures as follows on the statement of activities:

	Scholarship Program Revenues and Expenditures	School Supply Center Other Revenues and Expenditures	Innovative Teaching Program Revenues and Expenditures	Other Revenues and General Administration Expenditures	Other Revenues and Other Program Expenditures	Totals
In-kind utilities, goods and facilities	\$ 33,012	\$ 42,996	\$ 10,512	\$ 136,044	\$ -	\$ 222,564
In-kind salaries and benefits	-	69,996	69,996	-	-	139,992
Totals	<u>\$ 33,012</u>	<u>\$ 112,992</u>	<u>\$ 80,508</u>	<u>\$ 136,044</u>	<u>\$ -</u>	<u>\$ 362,556</u>

Refer also to Note 7.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5 – Property and equipment

Property and equipment activity for the Foundation for the year ended June 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Property and equipment, being depreciated	\$ 687,624	\$ 37,784	\$ (21,454)	\$ -	\$ 703,954

In 2016, the Foundation purchased a warehouse building for the School Supply Program, located at 2300 Copans Road, Suite 5, Pompano Beach, FL. At June 30, 2024, the amortized value of the building was \$703,954. The Foundation replaced the roof of the warehouse building in March, 2024, increasing the value by \$37,784. There is a note on the property for \$526,505. (Refer to Note 6). As of June 30, 2024, the market value of the building is understood to be significantly higher than the amortized cost as presented in the financial statements.

Note 6 – Long-Term Debt, Notes Payable

The Foundation has a loan agreement through a financial institution for \$526,505 for the purchase of the warehouse building for the School Supply program. Monthly payments of \$3,997, including interest at a rate of 5.25% began in February 2016 and will continue through January 2026.

Long-term liability activity for the year ended June 30, 2024, is as follows:

	<u>Balance June 30, 2023</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance June 30, 2024</u>	<u>Amounts Due Within One Year</u>
Notes payable	\$ 545,659	\$ -	\$ (19,154)	\$ 526,505	\$ 21,121

The debt service requirements to maturity are as follows:

<u>Fiscal Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 21,121	\$ 26,841	\$ 47,962
2026	<u>503,129</u>	<u>12,841</u>	<u>515,970</u>
	<u>\$ 524,250</u>	<u>\$ 39,682</u>	<u>\$ 563,932</u>

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7 - Contributions of Nonfinancial Assets

For the year ended June 30, 2024, contributions of nonfinancial assets recognized within the statement of activities included:

	<u>Amount</u>
Inventories and school supplies	\$ 2,568,357
Utilities, facilities, goods and equipment	222,564
Employee salaries and benefits	<u>139,992</u>
	<u>\$ 2,915,889</u>

The Foundation recognized contributions of nonfinancial assets from various sources, within revenue, including contributed inventories and school supplies, utilities and facilities, employee salaries and benefits, and goods and other supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed Services

A substantial number of board members and volunteers donated significant amounts of their time and in-kind services in the Foundation’s program services and fund-raising campaigns. However, no amounts have been reflected in the financial statements for these donated services in as much as no objective basis is available to measure the value of such services.

Contributed Inventories and School Supplies

Inventories consist of school supplies which were donated throughout the fiscal year by various donors and are located at the School Supply Center and School District warehouse. School supply inventories are stated at retail value, as determined by management using third-party retailers’ market prices on a first-in first-out basis. The Foundation donated the school supplies to schools throughout the year.

Contributed Facilities, Utilities, Goods and Equipment

The District permitted the Foundation use of facilities (contributed office space), utilities and equipment, for general and administrative activities of the Foundation.

The contributed office space is located in the District’s office building on the First Floor at 600 SE Third Ave, Fort Lauderdale, FL 33301. The valuation of the contributed office space is established based on an agreement between the Foundation and the District and is estimated based on square footage of recent comparable rental prices.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7 - Contributions of Nonfinancial Assets (continued)

Contributed Facilities, Utilities, Goods and Equipment (continued)

Contributed utilities and equipment consisted of technology support, as well as use of office equipment, and furniture and fixtures. The value of contributed utilities and equipment was recorded based on an agreement between the Foundation and the District and the estimated cost to the Foundation of procuring these items and services on the open market.

Contributed Employee Salaries and Benefits

The District donated the salaries and benefits for 2 district employees who work for the Foundation. The district employees were utilized for program activities of the Foundation and their contributed salaries and benefits were recorded based on an agreement between the Foundation and the District and payroll records provided by the District.

Note 8 – Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation is covered for these risks under insurance policies for the Broward County School District and the Foundation.

Note 9 – Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Gifts to the Foundation are tax deductible. Certain activities not directly related to the Foundation’s tax-exempt purpose could be subject to taxation as unrelated business income.

The Foundation assesses its tax position in accordance with “*Accounting for Uncertainties in Income Taxes*” as prescribed by the *Accounting Standards Codification*, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return’s due date or the date filed) that remain subject to examination by the Foundation’s major tax jurisdictions.

The Foundation assesses its tax positions and determines whether it has material unrecognized liabilities for uncertain tax positions. The Foundation records these liabilities to the extent that it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Foundation believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 – Advance Receipts

As of June 30, 2024, \$491,625 was recorded as advance receipts for resources that were received, but not yet earned as of that date from scholarships funded by DeLuca.

The Foundation receives annual grants from the Frederick A. DeLuca Foundation, Inc. (“DeLuca”), towards the Foundation’s Scholarship Program which supports first generation college students, many of whom are homeless and have high academic or community service achievements, without the financial ability to attend the schools of their choice. The scholarships funded by the grants from DeLuca are payable over a period of four years.

Advance receipts consisted of the following at June 30, 2024:

	<u>Amount</u>
Beginning balance	\$ 942,813
Additions	76,687
Transfer to current revenue	<u>(527,875)</u>
Ending balance	<u><u>\$ 491,625</u></u>

Note 11 – Financial Assets and Liquidity Resources

The Foundation’s financial assets available within one year of the balance sheet date, for general expenditure are as follows:

Cash and cash equivalents	\$ 1,383,865
Investments	4,998,990
Accounts receivable	100,000
Inventories	2,284,367
Prepaid scholarships	4,514,179
Property and equipment, net	<u>703,954</u>
Total financial assets	<u><u>\$ 13,985,355</u></u>

Less amounts not available to be used within one year:

Non-current assets	\$ (703,954)
MSD funds	(10,047)
Inventories	(2,284,367)
Prepaid scholarships	(4,496,176)
Assets held for others	<u>(2,738,361)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,752,450</u></u>

BROWARD EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11 – Financial Assets and Liquidity Resources (continued)

As part of the Foundation’s strategy, management structures its financial assets to be available for its general expenditures and liabilities coming due within one year. The Foundation receives contributions from individuals, corporations, and foundations to fund its programs and activities supporting public education.

Note 12 – Subsequent Events

The Foundation evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 18, 2024, which is the date the accompanying financial statements were available to be issued.

BROWARD EDUCATION FOUNDATION, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2024

BROWARD EDUCATION FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
JUNE 30, 2024

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Athletic Programs	Innovative Teaching Program	Scholarship Program	School Supply Center	Other Programs	Total Program Services	Management and General	Fundraising	Total
Personnel costs									
Salaries and wages	\$ -	\$ 71,689	\$ 152,939	\$ 178,170	\$ -	\$ 402,798	\$ 225,328	\$ 77,634	\$ 705,760
Contribution of nonfinancial assets - salary & benefits	-	69,996	-	69,996	-	139,992	-	-	139,992
Employee benefits	-	8,553	21,409	26,278	-	56,240	35,156	11,296	102,692
Payroll taxes	-	6,997	14,929	17,597	-	39,523	22,124	7,619	69,266
Total personnel costs	-	157,235	189,277	292,041	-	638,553	282,608	96,549	1,017,710
Contribution of nonfinancial assets - school supplies distributed	-	-	-	2,092,601	-	2,092,601	-	-	2,092,601
Program supplies / stipends	735,511	200,681	75,122	6,864	275,138	1,293,316	-	1,050	1,294,366
Cash scholarships / grants	-	176,270	746,300	-	20,372	942,942	-	-	942,942
Prepaid scholarships	-	-	390,599	-	-	390,599	-	-	390,599
Special events	-	-	-	-	-	-	-	191,339	191,339
Office expenses	-	4,314	5,118	8,883	-	18,315	73,149	9,405	100,869
Advertising / marketing	-	1,832	-	319	-	2,151	50,625	4,140	56,916
Accounting & professional services	-	-	-	-	-	-	53,966	-	53,966
Occupancy	-	-	-	-	-	-	43,514	-	43,514
Interest expense	-	-	-	-	-	-	28,808	-	28,808
Information technology	-	-	774	4,686	-	5,460	18,268	-	23,728
Depreciation	-	-	-	-	-	-	21,454	-	21,454
Insurance	-	-	-	4,478	-	4,478	5,473	-	9,951
Conferences / meetings	-	62	-	588	-	650	8,204	-	8,854
Travel	-	-	-	1,062	-	1,062	-	-	1,062
Legal	-	-	-	-	-	-	275	-	275
Nonfinancial assets - utilities and facilities	-	10,512	33,012	42,996	-	86,520	121,020	-	207,540
Nonfinancial assets - goods	-	-	-	-	-	-	-	15,024	15,024
Total non-personnel costs	735,511	393,671	1,250,925	2,162,477	295,510	4,838,094	424,756	220,958	5,483,808
Total Expenses	\$ 735,511	\$ 550,906	\$ 1,440,202	\$ 2,454,518	\$ 295,510	\$ 5,476,647	\$ 707,364	\$ 317,507	\$ 6,501,518

BROWARD EDUCATION FOUNDATION, INC.

COMPLIANCE SECTION

JUNE 30, 2024



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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
Broward Education Foundation, Inc.
Fort Lauderdale, 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 Broward Education Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2024.

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 the 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item **2022-01**.

Broward Education Foundation, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management, Board of Directors of the Foundation, and the School District and is not intended to be and should not be used by anyone other than these specified parties.



Miramar, Florida
September 18, 2024

BROWARD EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Section I – Current Year Findings

There were no new findings in current year.

Section II – Prior Year Findings

Other Matters

2022-01 Improve Physical Inventory Count Procedures

Criteria

To gain even greater accuracy and efficiency in the taking of physical inventory at year end, written inventory count instructions should be prepared and implemented, in line with the Foundation’s approved and implemented accounting policies and procedures.

Condition

Per the Foundation’s Accounting Policies and Procedures Manual, inventory accounts are performed on a quarterly basis and are reported to the board quarterly. However, we observed that inventory counts are only being performed once at the end of the year. In addition, per our inventory count observation procedures, 10% of our sample selected for recount resulted in variances in the amounts counted compared to the Foundation’s record of the count. Inventory was detected that had not been counted and, conversely, inventory could not be located for some counts recorded. One sample had a significant variance of 11,263 units. The Foundation’s physical count balances had to be adjusted to reflect the correct inventory count.

Cause of Condition

The Foundation’s inventory count is not performed in line with the Foundation’s accounting policies and procedures pertaining to timing of inventory counts; and they do not have written instructions for the physical inventory count that is performed annually at the end of the year.

Per our observation, there did not appear to be sufficient counters or supervisors on hand to count. There were only two counters counting and recording inventory individually without a second counter/supervisor to verify the count.

Finally, control over the physical inventory counts rests solely with the warehouse personnel. The accounting department is not involved in the process.

Potential Effect of Condition

An inaccurate year-end physical inventory count can result in misstated inventory balances and misappropriation of assets.

BROWARD EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Section II – Prior Year Findings (continued)

Other Matters (continued)

2022-01 Improve Physical Inventory Count Procedures (continued)

Recommendation

We recommend that written physical inventory instructions be prepared by management, distributed in advance to employees who will be involved in the count, and reviewed with them in advance. Detailed written instructions, if followed, ensure that all pricing items are counted, each item is included only once, and proper summarization of counts is prepared.

To reduce counting errors and have proper segregation of duties, we recommend that in addition to the first counter, another person also count the inventory items and initial (that is, approve) the inventory item tag.

Finally, to obtain objectivity in taking inventory, and to make the count more manageable and efficient for the warehouse personnel, we recommend that accounting personnel take a more active role in the physical inventory counts. Specifically, we suggest that the accounting department be made responsible for obtaining tag control.

Client Response

Management concurs with the finding. Working in conjunction with our board of directors, we will review and update pertinent sections of the Accounting Policies and Procedures Manual. A written procedure and detailed instructions for physical inventory counts will be developed and distributed to staff. In addition to updated policies and procedures, additional staff will be assigned to counts with the accounting department taking ultimate responsibility for tag control.

Current Year Update – FY 2024

Although inventory counts are being performed more frequently, the condition of inaccuracies still exists. The Accounting department was involved in the oversight and recounts of the inventory for the year-end inventory count. However, we still identified some notable variances between our counts and the client's count.

Client Response – FY 2024

We acknowledge the finding related to the physical inventory count procedures still exists and are committed to addressing the areas for improvement. We understand the need for greater accuracy and control in our inventory management practices. During FY 2024 we implemented greater controls of our physical inventory process by updating policies and procedures for our physical inventory process, enlisting additional staff for inventory counts, increased the involvement of the accounting department in the planning and execution of the physical inventory, and initiating ongoing cycle counts throughout the year, we are working to further refine our process.