

*Financial Statements and  
Other Information*

**PASCO EDUCATION FOUNDATION, INC.**

**June 30, 2024 and 2023**

**PASCO EDUCATION FOUNDATION, INC.**

**Financial Statements and Other Information**

**June 30, 2024 and 2023**

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

PASCO EDUCATION FOUNDATION, INC.

Financial Statements and Other Information

June 30, 2024 and 2023

**Table of Contents**

Independent Auditor’s Report.....	1
Audited Financial Statements:	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statement of Functional Expenses – June 30, 2024 .....	6
Statement of Functional Expenses – June 30, 2023 .....	7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9
Other Information:	
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 <i>Government Auditing Standards</i> .....	21

# SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

*Certified Public Accountants*

Michael R. Schafer, CPA  
Thomas R. Tschopp, CPA  
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312  
Maitland, Florida 32751  
(407) 875-2760

Joseph P. Mitchell, CPA  
Stephen J. Sheridan, CPA  
Daniel M. Hinson, CPA

## **Independent Auditor's Report**

The Board of Directors  
Pasco Education Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of Pasco Education Foundation, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pasco Education Foundation, Inc. as of June 30, 2024 and 2023 and the changes in its net assets and its 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pasco Education Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pasco Education Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pasco Education Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2024 on our consideration of Pasco Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pasco Education Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pasco Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Schaefer, Tschoy, Whitcomb, Mitchell & Shuidan, LLP*

October 24, 2024  
Maitland, Florida

PASCO EDUCATION FOUNDATION, INC.

**Statements of Financial Position**

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 401,979	469,477
Accounts receivable	44,766	57,016
Investments	1,075,493	871,224
Total current assets	<u>1,522,238</u>	<u>1,397,717</u>
Prepaid scholarships	1,332,270	1,205,590
Endowment investments	2,878,632	2,553,549
Other assets	10,418	10,418
Total assets	<u>\$ 5,743,558</u>	<u>5,167,274</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,620	310
Total current liabilities	<u>6,620</u>	<u>310</u>
Net Assets:		
Without donor restrictions:		
Undesignated	<u>1,043,613</u>	<u>727,089</u>
Total net assets without donor restrictions	<u>1,043,613</u>	<u>727,089</u>
With donor restrictions:		
Restricted for specified purpose	2,090,972	1,890,292
Restricted in perpetuity - endowment	<u>2,602,353</u>	<u>2,549,583</u>
Total net assets with donor restrictions	4,693,325	4,439,875
Total net assets	<u>5,736,938</u>	<u>5,166,964</u>
Total liabilities and net assets	<u>\$ 5,743,558</u>	<u>5,167,274</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statements of Activities**

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions:		
Revenue and support:		
Special events	\$ 336,405	397,322
Less: direct costs of special events	<u>(97,660)</u>	<u>(108,353)</u>
Total special events, net of direct costs	238,745	288,969
Contributions	537,711	477,151
In-kind contributions	66,945	61,366
Grant revenue	420,691	389,422
Net assets released from restrictions	<u>108,250</u>	<u>134,000</u>
Total revenues and support without donor restrictions	<u>1,372,342</u>	<u>1,350,908</u>
Expenses:		
Program expenses	1,300,626	1,221,860
Support services:		
Administrative	102,006	79,059
Fundraising	<u>132,931</u>	<u>84,092</u>
Total expenses	<u>1,535,563</u>	<u>1,385,011</u>
Other changes:		
Investment return	<u>476,581</u>	<u>123,825</u>
Change in net assets without donor restrictions	<u>313,360</u>	<u>89,722</u>
Changes in net assets with donor restrictions:		
Endowment contributions	52,770	292,724
Contributions restricted for a specified purpose	312,094	199,674
Net assets released from restrictions	<u>(108,250)</u>	<u>(134,000)</u>
Change in net assets with donor restrictions	<u>256,614</u>	<u>358,398</u>
Increase (decrease) in net assets	569,974	448,120
Net assets, beginning of year	<u>5,166,964</u>	<u>4,718,844</u>
Net assets, end of year	<u>\$ 5,736,938</u>	<u>5,166,964</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statement of Functional Expenses**

Year ended June 30, 2024

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Expenses</u>
Salaries and related expenses:					
Salaries and wages	\$ 421,937	56,258	84,387	140,645	562,582
Payroll taxes	34,619	4,616	6,924	11,540	46,159
Employee benefits	52,357	6,981	10,471	17,452	69,809
	<u>508,913</u>	<u>67,855</u>	<u>101,782</u>	<u>169,637</u>	<u>678,550</u>
Other expenses:					
Grants	287,876	-	-	-	287,876
Student scholarships	176,206	-	-	-	176,206
Amortization of Florida prepaid scholarships	133,008	-	-	-	133,008
Events	4,455	-	-	-	4,455
Banquets and events	38,272	-	-	-	38,272
Professional fees	-	11,021	-	11,021	11,021
Occupancy costs, In-kind	50,209	6,694	10,042	16,736	66,945
Supplies	15,611	2,081	3,122	5,203	20,814
Supplies teachers store	33,495	4,466	6,699	11,165	44,660
IT costs	1,791	239	358	597	2,388
Dues and subscriptions	11,725	1,563	2,345	3,908	15,633
Robotics	11,567	1,542	2,313	3,855	15,422
Bank and merchant fees	-	974	-	974	974
Marketing costs	-	1,391	-	1,391	1,391
Travel and meetings	5,906	788	1,181	1,969	7,875
Miscellaneous	17,019	2,269	3,404	5,673	22,692
Insurance	5,536	738	1,107	1,845	7,381
Total expenses	<u>\$ 1,301,589</u>	<u>101,621</u>	<u>132,353</u>	<u>233,974</u>	<u>1,535,563</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statement of Functional Expenses**

Year ended June 30, 2023

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

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Statements of Cash Flows**

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 569,974	448,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized (gains) losses on investments	(435,375)	(80,073)
Amortization of Florida prepaid scholarships	133,008	54,646
Matching contributions for Florida prepaid scholarships	(129,844)	(23,674)
(Increase) decrease in accounts receivable	12,250	(5,023)
Increase (decrease in accounts payable and accrued expenses	<u>6,310</u>	<u>(3,088)</u>
Total adjustments	<u>(413,651)</u>	<u>(57,212)</u>
Net cash provided by operating activities	<u>156,323</u>	<u>390,908</u>
Cash flows from investing activities:		
Purchase of Florida prepaid scholarships	(129,844)	(23,674)
Purchase of investments	<u>(93,977)</u>	<u>(336,473)</u>
Net cash used in investing activities	<u>(223,821)</u>	<u>(360,147)</u>
Net (decrease)/increase in cash and cash equivalents	(67,498)	30,761
Cash and cash equivalents - beginning of year	<u>469,477</u>	<u>438,716</u>
Cash and cash equivalents - end of year	<u>\$ 401,979</u>	<u>469,477</u>

See accompanying notes to financial statements.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(1) Description of Organization**

The Pasco Education Foundation, Inc. ("the Organization") is an independent nonprofit organization established in 1991 in the state of Florida. The Organization is the avenue for the individuals and the private sector to develop positive and supportive relationships with the Pasco County School district and to make philanthropic contributions to help accomplish the goals of Pasco County's public schools.

The Organization's mission is to advance student achievement and invest community resources to enrich educational opportunities for students and educators.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

(2) **Summary of Significant Accounting Policies - Continued**

(b) **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(c) **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be considered cash equivalents.

(d) **Investments**

Investments are reported at fair value based on quoted market value with unrealized gains and losses included in changes in net assets.

(e) **Property and Equipment**

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of each asset ranging from 3 to 5 years. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

(f) **Prepaid Scholarships**

Prepaid scholarships consist of prepaid college tuition fees purchased through the Florida Prepaid College Foundation, Inc. The Organization raises money through contributions, which are matched dollar-for-dollar by the State of Florida passed through the Consortium of Florida Education Foundations. The scholarships are recorded at the lower of contract cost or current tuition value and are amortized based on actual credit hours used by students.

(g) **Donated Facilities, Materials and Services**

Donated facilities are reflected in the accompanying financial statements as revenue and expense based on the fair rental value of comparable facilities which totaled \$66,945 and \$61,366 for the years ended June 30, 2024 and 2023, respectively. Donated materials and services, when received are reflected as contributions in the financial statements at their

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(2) Summary of Significant Accounting Policies - Continued**

**(g) Donated Facilities, Materials and Services - Continued**

estimated fair market values at the date of receipt. Volunteer services not requiring specialized skills are not reflected in the financial statements since no objective basis exists for recording and assigning values to many of these services.

**(h) Functional Allocation of Expenses**

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, wages and employee benefits. Occupancy, maintenance, insurance, utilities and depreciation are allocated on a square footage basis.

**(i) Income Tax Status**

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2021.

**(j) Fair Value of Financial Instruments**

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, money market funds, prepaid scholarships and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

PASCO EDUCATION FOUNDATION, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(2) **Summary of Significant Accounting Policies - Continued**

(k) **Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, money market funds, and certificates of deposit. The Organization places its deposits with creditworthy, high quality financial institutions. The amount in excess of the FDIC limit totaled \$153,878 and \$219,663 for the years ended June 30, 2024 and 2023, respectively.

(l) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through October 24, 2024, which is the date the financial statements were available to be issued.

(3) **Liquidity and Availability**

The following reflects the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 401,979	469,477
Accounts receivable	44,766	57,016
Investments	<u>3,954,125</u>	<u>3,424,773</u>
	4,416,870	3,951,266
Less: those unavailable for general expenditure within one year to:		
Amounts restricted for endowment	<u>(2,602,353)</u>	<u>(2,549,583)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,814,517</u>	<u>1,401,683</u>

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(3) Liquidity and Availability - Continued**

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

The Organization receives significant grants and contributions restricted by funders and donors. The Organization considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

**(4) Prepaid Scholarships**

During the years ended June 30, 2024 and 2023, the Organization paid \$129,844 and \$23,674, respectively, to the Florida Prepaid College Foundation, Inc. (FPCF) for the purpose of purchasing prepaid scholarships to be awarded in the future to qualified, economically disadvantaged students in Florida. Certain amounts are matched dollar-for-dollar by the State of Florida depending upon budget allocations. The State of Florida matching contributions for the year ended June 30, 2024 and 2023 totaled \$129,844 and \$23,674, respectively, and are recorded as restricted contributions until the scholarships are utilized.

**(5) Fair Value Measurements**

Professional standards establish a framework for measuring fair value. The 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 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that the Organization has the ability to access.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(5) Fair Value Measurements - Continued**

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- 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 to the fair value measurement.

The asset's or liability's 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 input and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short term investments	\$ 167,870	167,870	-	-
Corporate bonds	77,396	-	77,396	-
Municipal bonds	163,990	-	163,990	-
Equities	15,734	15,734	-	-
Exchange traded funds	3,529,135	3,529,135	-	-
	<u>\$ 3,954,125</u>	<u>3,712,739</u>	<u>241,387</u>	<u>-</u>

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(5) Fair Value Measurements - Continued**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short term investments	\$ 39,576	39,576	-	-
Corporate bonds	80,515	-	80,515	-
Municipal bonds	114,870	-	114,870	-
Equities	-	-	-	-
Exchange traded funds	3,189,812	3,189,812	-	-
	<u>\$ 3,424,773</u>	<u>3,229,388</u>	<u>195,385</u>	<u>-</u>

Investment return consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 65,160	67,215
Unrealized gains (losses)	435,375	80,073
	500,535	147,288
Less: investment expenses	<u>(23,954)</u>	<u>(23,463)</u>
	<u>\$ 476,581</u>	<u>123,825</u>

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(6) Property and Equipment**

Property and equipment, at costs, at June 30:

	<u>2024</u>	<u>2023</u>
Computer software	\$ 48,490	48,490
Computer equipment	<u>1,007</u>	<u>1,007</u>
Total property and equipment	49,497	49,497
Less: investment expenses	<u>(49,497)</u>	<u>(49,497)</u>
Net property and equipment	<u>\$ -</u>	<u>-</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$0 and \$0, respectively.

**(7) Endowment**

At June 30, 2024 and 2023, the Organization was the beneficiary of various endowment funds that totaled \$2,878,632 and \$2,553,549, respectively.

Endowment Net Asset Composition by Type of Fund as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Organization Endowment principal	<u>\$ -</u>	<u>2,878,632</u>	<u>2,878,632</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Organization Endowment principal	<u>\$ -</u>	<u>2,553,549</u>	<u>2,553,549</u>

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of the year	\$ -	2,553,549	2,553,549
Contributions	-	52,770	52,770
Investment return, net	-	376,646	376,646
Amounts subject to appropriation for expenditures	-	(104,333)	(104,333)
Endowment net assets, end of the year	<u>\$ -</u>	<u>2,878,632</u>	<u>2,878,632</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of the year	\$ -	2,256,859	2,256,859
Contributions	-	292,724	292,724
Investment return, net	-	112,521	112,521
Amounts subject to appropriation for expenditures	-	(108,555)	(108,555)
Endowment net assets, end of the year	<u>\$ -</u>	<u>2,553,549</u>	<u>2,553,549</u>

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(7) Endowment - Continued**

In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The purposes of the Organization and the donor restricted endowment fund
2. General economic conditions
3. The possible effect of inflation and deflation
4. The expected total return on investment
5. Other resources of the Organization
6. The investment policies of the Organization
7. The duration and preservation of the endowment fund.

Return Objectives and Risk Parameters

The Organization has adopted an Investment Guideline Policy for endowment assets that attempts to emphasize continued focus on planned giving. The objective is to enhance maximum total return from a combination of capital appreciation and income, without assuming unreasonable risk. Investments are divided between fixed income and equity securities. The range of equity investments ranges from 0-70%. The fixed income range is up to 30%.

Spending Policy

Each endowment fund has an endowment book value, an endowment spending base and an endowment market value. Distributions are made on an annual basis in accordance with the endowment spending policy. The current annual spending rate is 4.0% of the endowment principal fund's adjusted endowment spending base. The Board has the discretion to adjust the spending rate.

Market Fluctuations

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that current law requires the Organization to retain for a fund of perpetual duration. There are no deficiencies of this nature as of June 30, 2024 and June 30, 2023. Such deficiency are a result from unfavorable market fluctuations that occurred after the investment of restricted contributions and continued appropriation for certain scholarships was deemed prudent by the Board of Directors.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(8) Department of Highway Safety and Motor Vehicles**

The Organization receives revenue from the sale of the Florida Education specialty license plate offered by the Florida Department of Highway Safety and Motor Vehicles (the Department). For the years ended June 30, 2024 and 2023, the Organization recognized \$14,538 and \$2,943, respectively, in revenue from the Department. The Organization expended the monies on providing scholarships and grants in accordance with the mission of the Organization and in compliance with sections 320.08056 and 320.08058 of the Florida Statutes governing the use of the moneys received from the Department.

**(9) Net Assets With Donor Restrictions**

Net assets with donor restrictions of the Organization are comprised of cash, prepaid expenses and investments available for the following purposes:

	<u>2024</u>	<u>2023</u>
Purpose restricted:		
Florida Prepaid College Fund Scholarships	\$ 1,332,270	1,205,590
Other scholarships	758,702	684,702
	<u>2,090,972</u>	<u>1,890,292</u>
Restricted in perpetuity - endowment	<u>2,602,353</u>	<u>2,249,583</u>
Total net assets with donor restrictions	<u>\$ 4,693,325</u>	<u>4,439,875</u>

**(9) Net Assets With Donor Restrictions - Continued**

Net assets of \$108,250 and \$134,000 were released from donor restrictions in satisfaction of program restrictions during the years ended June 30, 2024 and 2023, respectively.

PASCO EDUCATION FOUNDATION, INC.

**Notes to Financial Statements**

June 30, 2024 and 2023

**(10) Related Party Transactions**

During the years ended June 30, 2024 and 2023 a member of the Board of Directors is an officer at a bank that is used by the Organization. This Board member does not receive any payment of commission for the banking services. The School District of Pasco County donates space to the Organization. Donated facilities at June 30, 2024 and 2023 totaled \$66,945 and \$61,366, respectively. A member of the Board of Directors is also a Pasco County School Board member. The superintendent of Pasco County schools is also a member of the Organization's Board of Directors. Neither of these Board members receives any compensation for the donation of space.

Michael R. Schafer, CPA  
Thomas R. Tschopp, CPA  
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312  
Maitland, Florida 32751  
(407) 875-2760

Joseph P. Mitchell, CPA  
Stephen J. Sheridan, CPA  
Daniel M. Hinson, CPA

**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***

The Board of Directors  
Pasco Education Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pasco Education Foundation, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, 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 October 24, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 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.

*Schater, Tschoy, Whitcomb, Mitchell & Shuilen, LLP*

October 24, 2024  
Maitland, Florida