

**EDUCATIONAL FOUNDATION OF  
LAKE COUNTY, INC.**

A Component Unit of the District  
School Board of Lake County, Florida

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORTS THEREON**

**For the fiscal year ended June 30, 2012**

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.

TABLE OF CONTENTS

	PAGE NO.
<b>FINANCIAL SECTION</b>	
<b>Management's Discussion and Analysis – (Unaudited)</b>	1 – 4
<b>Report of Independent Certified Public Accountants on Basic Financial Statements and Supplementary Information</b>	5 - 6
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	7
Statement of Activities	8
<i>Fund Financial Statements:</i>	
Balance Sheet - General Fund	9
Reconciliation of the General Fund Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of General Fund to the Statement of Activities	12
Notes to Financial Statements	13 - 16
<b>Required Supplementary Information:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund, Budget and Actual	17
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
<b>Report of Independent Certified Public Accountants 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></b>	18 - 19

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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This section of the annual financial report of the Educational Foundation of Lake County, Inc. (the "Foundation") presents management's discussion and analysis of the Foundation's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the Foundation's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- As shown on the statement of net assets, the Foundation reported a Total Net Assets balance of \$3,703,928 at June 30, 2012.
- For the fiscal year ended June 30, 2012, the Foundation's revenues exceeded expenses as shown on the Foundation's statement of activities by \$48,655.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Foundation:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Foundation's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Foundation, reporting the Foundation's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general Foundation services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditor's report on compliance and internal control required by *Government Auditing Standards*.

### Government-wide Financial Statements

The government-wide financial statements report information about the Foundation as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Foundation's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the Foundation's net assets and how they have changed. Net assets - the difference between the Foundation's assets and liabilities - is one way to measure the Foundation's financial health or position. Over time, increases or decreases in the Foundation's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Foundation are generally divided into three categories:

- *Governmental activities* - most of the Foundation's basic services are included here, such as programs and the Foundation's administration. Funds received through contributions, state grants and proceeds from special events, finance most of these activities.
- *Business-type activities* - in certain instances, the Foundation may charge fees to help it cover the costs of certain services it provides. The Foundation currently has no business-type activities.
- *Component units* - there currently are no component units included within the reporting entity of the Foundation.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Foundation's most significant funds, not the Foundation as a whole. A fund is a self-balancing set of accounts which the Foundation uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the Foundation may establish other funds to control and manage money for particular purposes, such as for federal grants.

The Foundation utilizes a governmental fund:

- *Governmental funds* - the Foundation's basic services are included in a governmental fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Foundation's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

### **Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and governmental fund financial statements.

### **Financial Analysis of the Foundation's Funds**

As the Foundation completed the fiscal year, its total governmental funds reported a fund balance of \$3,730,031. Management will continue to emphasize the monitoring of expenses to increase net assets through June 30, 2013.

### **General Fund Budgetary Highlights**

The general fund budget for the fiscal year ended June 30, 2012, was developed based on the Foundation's anticipated revenues for the year.

## GOVERNMENT WIDE FINANCIAL ANALYSIS

The Statement of Net Assets presents the Foundation's assets less its liabilities at year end. The difference between these assets and liabilities is reported as net assets. The following is a summary of the Foundation's net assets as of June 30, 2012:

	Governmental Activities
<b>ASSETS</b>	
Current Assets	\$ 955,522
Noncurrent Assets	<u>2,876,476</u>
Total Assets	<u>\$ 3,831,998</u>
<b>LIABILITIES</b>	
Current and Accrued Liabilities	\$ 128,070
Total Current Liabilities	<u>128,070</u>
<b>NET ASSETS</b>	
Net assets:	
Restricted For:	
Scholarships, Grants and Other	3,410,531
Lake Tech	24,500
Unrestricted	<u>268,897</u>
Total Net Assets	<u>3,703,928</u>
Total Liabilities and Net Assets	<u>\$ 3,831,998</u>

Current assets consists of cash, receivables, accrued interest, and the current portion of investments and beneficial interests held by others. Current liabilities consist of accrued salaries, compensated absences, and payroll taxes payable.

The Statement of Activities presents information showing how the Foundation's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. The key elements of the changes in Foundation's net assets for the fiscal year June 30, 2012 are as follows:

	Governmental Activities
Revenues:	
Contributions	\$ 227,563
Direct Operating Support -LCSD, In Kind	71,827
Grants	105,382
Special Events Revenue	441,138
State and Local Allocations	174,596
Other revenues	20,572
Interest and Dividends	2,542
Net realized and unrealized gains and losses on investments	<u>5,505</u>
Total Revenue	1,049,125

**Expenses:**

Teacher Support	260,121
Special Events	270,126
Student Support	150,070
Take Stock In Children	250,117
Personnel	24,011
Administrative	<u>46,025</u>
Total expenses	<u>1,000,470</u>
<b>Change in net assets</b>	<b>\$ <u>48,655</u></b>

**ECONOMIC FACTORS**

- The average unemployment rate for the State of Florida is 8.6% and 8.2% for the nation as of June 2012.
- Inflation nationally as indicated by the consumer price index is 1.7%.

*Requests for Information* - This financial report is designed to provide a general overview of the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lake County Educational Foundation, Inc., 910 East Dixie Hwy, Leesburg, Florida 34788, (352) 365-3518.



Sines Blakeslee Madyda

certified public accountants, p.a.

### Report of Independent Certified Public Accountants

To the Board of Directors of the Educational Foundation of Lake County, Inc.  
a Component Unit of the District School Board of Lake County, Florida.  
Leesburg, Florida

We have audited the accompanying financial statements of the governmental activities of the Educational Foundation of Lake County, Inc. ("the Foundation"), a Component Unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audit.

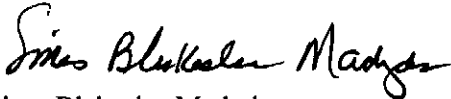
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Foundation as of June 30, 2012, and the respective changes in financial position, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

To the Board of Directors  
Educational Foundation of Lake County, Inc.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Sines Blakeslee Madyda  
Certified Public Accountants, P.A.  
September 24, 2012



EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA)

STATEMENT OF NET ASSETS  
JUNE 30, 2012

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ASSETS	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 16,598
Cash and Cash Equivalents - Restricted	427,259
Investments	256,793
Investments - Restricted	24,500
Accounts Receivable - Restricted	21,725
Beneficial Interest In Assets Help By Others - Restricted	208,468
Accrued Interest Receivable	179
<u>Total Current Assets</u>	<u>955,522</u>
<u>Noncurrent Assets</u>	
Beneficial Interest In Assets Help By Others - Restricted	2,753,079
Investments	123,397
<u>Total Noncurrent Assets</u>	<u>2,876,476</u>
<u>Total Assets</u>	<u>\$ 3,831,998</u>
LIABILITIES AND NET ASSETS	
<u>Current Liabilities</u>	
Current Payables and Accrued Liabilities	\$ 128,070
<u>Total Current Liabilities</u>	128,070
<u>Net Assets:</u>	
Restricted for:	
Scholarships	3,268,775
Teacher Grants	127,271
Other Donor Restrictions	14,485
Lake Tech	24,500
Unrestricted	268,897
<u>Total Net Assets</u>	<u>3,703,928</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 3,831,998</u>

The accompanying notes are an integral part of this financial statement.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Operating Grants and Revenues	Net (Expense) Revenue and Changes in Net Assets
			Governmental Activities
Governmental Activities:			
Teacher Support	\$ 260,121	\$ 105,383	\$ (154,738)
Special Events	270,126	-	(270,126)
Student Support	150,070	-	(150,070)
Take Stock In Children	250,117	174,596	(75,521)
Personnel	24,011	-	(24,011)
Administrative	46,025	-	(46,025)
Total Government Activities	\$ 1,000,470	\$ 279,979	\$ (720,491)
General revenues:			
			441,138
			328,008
			769,146
			48,655
			3,655,273
			\$ 3,703,928

The accompanying notes are an integral part of this financial statement.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA)

BALANCE SHEET - GENERAL FUND  
JUNE 30, 2012

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ASSETS

Current Assets

Cash and Cash Equivalents	\$ 16,598
Cash and Cash Equivalents - Restricted	427,259
Investments	256,793
Investments - Restricted	24,500
Accounts Receivable - Restricted	21,725
Beneficial Interest In Assets Help By Others - Restricted	208,468
Accrued Interest Receivable	179

Total Current Assets 955,522

Noncurrent Assets

Beneficial Interest In Assets Help By Others - Restricted	2,753,079
Investments	123,397

Total Noncurrent Assets 2,876,476

Total Assets \$ 3,831,998

LIABILITIES AND NET ASSETS

Current Liabilities

Current Payables and Accrued Liabilities	\$ 101,967
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Total Current Liabilities 101,967

Net Assets:

Nonspendable	24,500
Restricted	3,410,531
Unassigned	295,000

Total Net Assets 3,730,031

Total Liabilities and Net Assets \$ 3,831,998

The accompanying notes are an integral part of this financial statement.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012

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**Total fund balances - total general fund** \$ 3,730,031

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as a liability in the governmental fund. (26,103)

**Total net assets - governmental activities** \$ 3,703,928

The accompanying notes are an integral part of this financial statement.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Revenues	
Operating Revenues:	
Contributions	\$ 227,563
Direct Operating Support -LCSD, In Kind	71,826
Grants	105,383
Special Events Revenue	441,138
State and Local Allocations	174,596
Other revenues	20,572
Total Operating Revenues	<u>1,041,078</u>
Expenditures:	
Operating Expenses:	
Teacher Support	260,121
Special Events	270,126
Student Support	150,070
Take Stock In Children	250,117
Personnel	24,244
Administrative	46,025
Total Operating Expenses	<u>1,000,703</u>
Operating Income	40,375
Non-operating Revenues	
Net realized and unrealized gains/(losses) on investments	2,542
Interest and Dividends	5,505
Total Non-operating Revenues	<u>8,047</u>
Increase in Net Assets	<u>48,422</u>
Net Assets, at July 1, 2011	3,681,609
Net Assets, at June 30, 2012	<u>\$ 3,730,031</u>

The accompanying notes are an integral part of this financial statement.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GENERAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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<b>Net changes in fund balance - General Fund</b>	<b>\$ 48,422</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Change in compensated absences	233
<b>Change in Net Assets - Governmental Activities</b>	<b><u>\$ 48,655</u></b>

The accompanying notes are integral to this financial statement.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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1. Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of the Educational Foundation of Lake County, Inc. (the Foundation), which affect significant elements of the financial statements:

A. *Nature of Activities*

The Foundation, is a nonprofit organization, serving the citizens of Lake County, Florida, by providing funding and services to support public education. The Foundation's primary support is received from contributions from individual and corporate donors. As of August, 2006, the Foundation assumed fiscal control of the Lake and Sumter County operations of the Take Stock in Children program, a mentoring program serving at risk students.

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement of Governmental Accounting Standard (SGAS) Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Foundation has elected to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, that are applicable to the Foundation's function and that do not conflict with or contradict GASB pronouncements.

C. *Cash and Cash Equivalents*

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

D. *Fund Accounting*

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of non-spendable and spendable resources. Spendable resources are to be shown as Restricted, Committed, Assigned, and Unassigned as considered appropriate in the Foundation's circumstances.

E. *Operating Activities*

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities, which are in support of the District's programs. Operating activities related to the Foundation's principal functions, which is to receive, hold and invest charitable contributions for the District. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. *Revenue Recognition*

Contributions are recognized as increases in net assets when received or when pledged unconditionally.

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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G. *Direct Operating Support*

Donated facilities from the District consist of office space. The District also provides administrative services and other institutional support.

H. *Promises To Give*

Statement of Financial Accounting Standards Number 116, "*Accounting for Contributions Received and Contributions Made*", has been implemented by the Foundation. The statement requires not-for-profit organizations to recognize irrevocable unconditional promises to give as revenue in the period the promise is made at fair value. Promises to give that are collectible after one year are treated as temporarily restricted net assets. There were no promises to give at June 30, 2012.

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

J. *Income Taxes*

The Foundation was organized as an organization exempt from income taxation under Section 501(a) and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements. The Foundation is classified as a publicly supported organization rather than as a private foundation.

The Foundation has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The Foundation assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the Foundation believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the Foundation's financial statements, as the Foundation believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold. With few exceptions, the Foundation is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2008.

K. *Investments*

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of revenues, expenses, and changes in net assets as non-operating revenues. The Foundation's investment policy and Section 215.47 Florida Statutes allow investing in bonds, notes, commercial paper and equities.



EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

2. Concentrations of Credit Risk

The Foundation is supported by contributions from the public. In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the long term, but management does not deem this a significant risk in the near term.

The Florida Security for Depositors Act identifies those financial institutions that have deposited the required collateral in the name of the treasurer of the State of Florida as qualified public depositories. The Foundation's deposits are with qualified public depositories. Therefore, all Foundation cash and cash equivalents deposits are entirely insured by FDIC or Florida's Multiple Financial Institution Collateral Pool.

3. Retirement Benefits

The Foundation established a SIMPLE IRA Plan for the benefit of its employee. The plan allows employees to contribute an amount not to exceed earned income or \$11,500 (14,000 if age 50 or older) for Fiscal year ended June 30, 2012. The employer contribution made in the current fiscal year was \$7,600.

4. Investments

In accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations", the Foundation records certain investment securities and certificates of deposit with maturities greater than three months at estimated fair value. The unrealized gain or loss on investments is reflected in the Statement of Activities. Investment income and gains that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the year the investment return is received.

Cost and fair value of unrestricted investments are as follows as of June 30, 2012

	Cost	Market Value
American Funds Endowments	\$ 60,013	\$ 66,130
Capital US Equity	58,386	57,267
Certificates of Deposit	281,293	281,293
	\$ 399,692	\$ 404,690

5. Restricted Net Assets - Nonexpendable

Student Scholarships - Lake Tech	\$ 24,500
	\$ 24,500

6. Restricted Net Assets - Expendable

Student Scholarships	\$ 3,268,775
Teacher Grants	127,271
Other Restricted	14,485
	\$ 3,410,531

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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7. Net Assets Released from Restrictions

Net Assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors during the fiscal year ended June 30, 2012.

Purpose Restrictions accomplished:

Student Scholarships	\$	151,729
Teacher Grants		80,575
Other Restricted Net		16,718
	\$	<u>249,022</u>

8. Accounts Receivable - Restricted

The balance of accounts receivable - restricted at June 30, 2012 was determined as follows:

Take Stock In Children	\$	21,725
	\$	<u>21,725</u>

9. Beneficial Interest In Assets Held By Others

The Foundation's beneficial interest in assets at June 30, 2012 consists of \$2,961,547 held by the Florida Prepaid College Foundation, Inc. The amounts held by the Florida Prepaid College Foundation, Inc. consist of funds contributed by the Foundation as part of the Take Stock in Children program. Contributions are matched by the State of Florida, and recorded as a contribution on the statement of revenues, expenses and changes in net assets at the time of contribution. The funds are to be used for college scholarships for selected individuals graduating from high schools in Lake County. As the scholarships are awarded, the expenditures are recorded by the Foundation. The funds held by the Florida Prepaid College Foundation, Inc. can only be utilized for scholarships.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GENERAL FUND  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2012**

EDUCATIONAL FOUNDATION OF LAKE COUNTY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA )  
REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions	\$ 144,600	\$ 144,600	\$ 227,563	\$ 82,963
Direct Operating Support -LCSD, In Kind	-	-	71,826	71,826
Grants	125,000	125,000	105,383	(19,617)
Special Events Revenue	366,000	366,000	441,138	75,138
State and Local Allocations	242,000	242,000	174,596	(67,404)
Other revenues	22,000	22,000	28,619	6,619
Total revenues	<u>899,600</u>	<u>899,600</u>	<u>1,049,125</u>	<u>149,525</u>
<b>EXPENDITURES</b>				
Current:				
Teacher Support	165,500	165,500	153,348	12,152
Special Events	180,000	180,000	234,644	(54,644)
Student Support	137,900	137,900	122,373	15,527
Take Stock In Children	237,000	237,000	242,642	(5,642)
Personnel	139,934	139,934	172,765	(32,831)
Administrative	39,300	39,300	74,698	(35,398)
Total expenditures	<u>899,634</u>	<u>899,634</u>	<u>1,000,470</u>	<u>(100,836)</u>
Excess (deficiency) of revenues over expenditures	<u>(34)</u>	<u>(34)</u>	<u>48,655</u>	<u>48,689</u>
Fund balance at beginning of year	<u>3,681,609</u>	<u>3,681,609</u>	<u>3,681,609</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,681,575</u>	<u>\$ 3,681,575</u>	<u>\$ 3,730,264</u>	<u>\$ 48,689</u>

The accompanying notes to the financial statements are an integral part of this statement



Sines Blakeslee Madyda

certified public accountants, p.a.

**Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of the Educational Foundation of Lake County, Inc.,  
a Component Unit of the District School Board of Lake County, Florida.  
Leesburg, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Educational Foundation of Lake County, Inc. ("the Foundation"), a Component Unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Foundation's basic financial statements as listed in the table of contents and have issued our report thereon dated September 24, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

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 reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis.

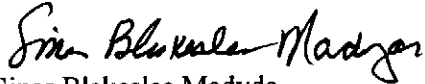
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements, and contracts, 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*.

To the Board of Directors of the Educational Foundation of Lake County, Inc.,  
a Component Unit of the District School Board of Lake County, Florida.  
Leesburg, Florida

This report is intended solely for the information and use of the management of the Foundation, the Board of Directors, the District Foundation Board of Lake County, Florida, the State of Florida Office of the Auditor General and federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Sines Blakeslee Madyda  
Certified Public Accountants, P.A.  
September 24, 2012