

**THE GALILEO SCHOOL  
FOUNDATION, INC.**

INDEPENDENT AUDITOR'S REPORT and  
FEDERAL SINGLE AUDIT

*for the fiscal year ended JUNE 30, 2023*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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# THE GALILEO SCHOOL FOUNDATION, INC.

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## **Independent Auditor's Report**

To the Board of Directors  
The Galileo School Foundation, Inc.,

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of The Galileo School Foundation, Inc. ("Organization"), a not-for-profit entity, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Organization, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Organization 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 Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. 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 GAAS 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 GAAS 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The schedule of expenditures of Federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 expenditures of Federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report November 7, 2023, on our consideration of the Organization'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 Organization'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 Organization's, internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

November 7, 2023  
Tampa, Florida

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of The Galileo School Foundation, Inc. provides an overview of the Organization's activities for the fiscal year ended June 30, 2023.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Organization's financial statements and notes to financial statements, as listed in the table of contents.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2023, the Organization's expenses exceeded revenue, as shown on the Organization's statement of activities by \$158,822.
- As shown on the statement of net position, the Organization reported an unrestricted net position balance of \$1,464,334.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the Organization's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the Organization presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the Organization. The statement of activities presents information about the change in the Organization's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the Organization's financial health is improving or deteriorating. To assess the overall financial position of the Organization, one needs to consider additional non-financial factors such as changes in the Organization student base funding level.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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**Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the Organization's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the Organization's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the Organization's most significant funds. The Organization operates four funds, a General Fund, a Capital Projects Fund, a Debt Service Fund, and a Special Revenue Fund. For reporting purposes, the Organization has elected to show all funds as major funds.

The Organization adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

**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 fund financial statements.



**THE GALILEO SCHOOL FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the Organization's current year and prior year net position:

	<b>Net Position, End of Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-22</u>	<u>6-30-23</u>	<u>Increase (Decrease)</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 4,102,341	\$ 4,302,173	\$ 199,832
Capital Assets, Net	<u>30,379,560</u>	<u>30,004,226</u>	<u>(375,334)</u>
Total Assets	<u>34,481,901</u>	<u>34,306,399</u>	<u>(175,502)</u>
<b>LIABILITIES</b>			
Current Liabilities	994,724	1,077,986	83,262
Noncurrent Liabilities	<u>33,043,019</u>	<u>32,943,077</u>	<u>(99,942)</u>
Total Liabilities	<u>34,037,743</u>	<u>34,021,063</u>	<u>(16,680)</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(2,663,459)	(2,938,851)	(275,392)
Restricted	1,811,221	1,759,853	(51,368)
Unrestricted	<u>1,296,396</u>	<u>1,464,334</u>	<u>167,938</u>
Total Net Position	<u>\$ 444,158</u>	<u>\$ 285,336</u>	<u>\$ (158,822)</u>

The assets of the Organization consist primarily of cash and cash equivalents, restricted investments, and capital assets, net of accumulated depreciation. Liabilities consist of salaries and benefits payable, accounts payable, and bonds payable. The Organization reported a total net position balance of \$285,336.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

The following is a summary of the Organization's change in net position for the current year and prior year:

	<b>Operating Results for the Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-22</u>	<u>6-30-23</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Federal Through State and Local	\$ 787,375	\$ 1,050,848	\$ 263,473
State	9,703,173	11,348,962	1,645,789
Local and Other	1,013,913	1,457,580	443,667
Gain on Disposal of Assets	4,102	-	(4,102)
Special Item - Forgiveness of Debt	739,187	-	(739,187)
<b>Total Revenues</b>	<u>12,247,750</u>	<u>13,857,390</u>	<u>1,609,640</u>
<b>Expenses:</b>			
Instruction	7,215,595	8,017,228	801,633
Student Support Services	260,689	297,630	36,941
Instructional Media	-	631	631
Instruction & Curriculum Development	145,555	210,430	64,875
Instructional Staff Training	15,138	51,444	36,306
Board	21,314	52,193	30,879
General Administration	126,755	74,559	(52,196)
School Administration	1,506,095	1,696,352	190,257
Facilities Acquisition & Construction	105,190	310,221	205,031
Fiscal Services	106,113	119,501	13,388
Food Services	66,591	245,262	178,671
Central Services	12,503	5,194	(7,309)
Operation of Plant	895,713	823,861	(71,852)
Maintenance of Plant	14,375	80,862	66,487
Community Service	109,671	139,800	30,129
Debt Service - Interest & Fiscal Charges	2,005,232	1,078,953	(926,279)
Unallocated Depreciation	767,985	812,091	44,106
<b>Total Expenses</b>	<u>13,374,514</u>	<u>14,016,212</u>	<u>641,698</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ (1,126,764)</u>	<u>\$ (158,822)</u>	<u>\$ 967,942</u>

The largest revenue source for the Organization is the State of Florida (82%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the Organization.

The largest concentration of expenses was for Instruction (57%) and School Administration (12%) during the year.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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**FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS**

**Governmental Funds**

As the Organization completed the year, its governmental funds reported a total combined fund balance of \$3,224,187.

**BUDGETARY HIGHLIGHTS**

The general fund and special revenue fund budgets for the fiscal year ended June 30, 2023, were developed based on the Organization's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the Organization's fiscal year. Over the course of the year, the Organization revised its budgets several times. For the fiscal year ended June 30, 2023, the actual expenditures were equal to the final budgets. Refer to the Budgetary Comparison Schedule for additional information.

**CAPITAL ASSETS**

The Organization's investment in capital assets for the governmental activities as of the June 30, 2023, amounts to \$30,004,226 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixed equipment, furniture, fixtures, and equipment, and improvements. Additional information regarding the Organization's capital assets can be found in the notes to the financial statements.

**LONG-TERM DEBT**

On July 20, 2021, the Organization issued bonded debt through the Seminole County Industrial Development Authority totaling \$33,142,962, net of the bond premium, for the purchase of the Organization's educational facility and the construction of another charter school educational facility.

At June 30, 2023, the Organization had \$32,943,077 in long-term debt outstanding, a net decrease of \$99,942 from the prior year. Additional information about the School's long-term debt is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the Organization in fiscal year 2023-24 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of The Galileo School Foundation, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, The Galileo School Foundation, 3900 E. State Road 46, Sanford, FL 32771.

**THE GALILEO SCHOOL FOUNDATION, INC.**

**STATEMENT OF NET POSITION**

*June 30, 2023*

	<u>Government Activities</u>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 2,555,865
Investments - Restricted	1,566,056
Due From Other Agencies	180,252
Capital Assets:	
Land	2,137,265
Buildings & Fixed Equipment, Net	27,149,474
Improvements, Net	563,044
Furniture, Fixtures, and Equipment, Net	154,443
Total Capital Assets	<u>30,004,226</u>
<b>TOTAL ASSETS</b>	<u><u>34,306,399</u></u>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	1,043,609
Accounts Payable	34,377
Noncurrent Liabilities:	
Due Within One Year:	
Bonds Payable	425,000
Due After One Year:	
Bonds Payable	32,518,077
<b>TOTAL LIABILITIES</b>	<u><u>34,021,063</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(2,938,851)
Restricted	1,759,853
Unrestricted	1,464,334
<b>TOTAL NET POSITION</b>	<u><u>\$ 285,336</u></u>

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

**THE GALILEO SCHOOL FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2023*

		Program Revenues			Net (Expenses) Revenue and Changes Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 8,017,228	\$ -	\$ 805,444	\$ -	\$ (7,211,784)
Student Support Services	297,630	-	108,181	-	(189,449)
Instructional Media	631	-	-	-	(631)
Instruction & Curriculum Development	210,430	-	33,228	-	(177,202)
Instructional Staff Training	51,444	-	-	-	(51,444)
Board	52,193	-	-	-	(52,193)
General Administration	74,559	-	-	-	(74,559)
School Administration	1,696,352	-	-	-	(1,696,352)
Facilities Acquisition & Construction	310,221	-	-	-	(310,221)
Fiscal Services	119,501	-	-	-	(119,501)
Food Services	245,262	146,758	-	-	(98,504)
Central Services	5,194	-	-	-	(5,194)
Operation of Plant	823,861	-	103,995	-	(719,866)
Maintenance of Plant	80,862	-	-	-	(80,862)
Community Service	139,800	520,275	-	-	380,475
Debt Service - Interest & Fiscal Charges	1,078,953	-	-	733,120	(345,833)
Unallocated Depreciation	812,091	-	-	-	(812,091)
Total Governmental Activities	\$ 14,016,212	\$ 667,033	\$ 1,050,848	\$ 733,120	(11,565,211)
General Revenue					
State Sources					10,615,842
Local and Other					790,547
Total General Revenues					11,406,389
Change in Net Position					(158,822)
Net Position - July 1, 2022					444,158
Net Position - June 30, 2023					\$ 285,336

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

**THE GALILEO SCHOOL FOUNDATION, INC.**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2023*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 2,362,068	\$ -	\$ -	\$ 193,797	\$ 2,555,865
Investments - Restricted	-	-	-	1,566,056	1,566,056
Due From Other Agencies	-	180,252	-	-	180,252
Due from Other Funds	<u>180,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,252</u>
Total Assets	<u>\$ 2,542,320</u>	<u>\$ 180,252</u>	<u>\$ -</u>	<u>\$ 1,759,853</u>	<u>\$ 4,482,425</u>
<b>LIABILITIES</b>					
Salaries and Benefits Payable	\$ 1,043,609	\$ -	\$ -	\$ -	\$ 1,043,609
Accounts Payable	34,377	-	-	-	34,377
Due to Other Funds	-	180,252	-	-	180,252
Total Liabilities	<u>1,077,986</u>	<u>180,252</u>	<u>-</u>	<u>-</u>	<u>1,258,238</u>
<b>FUND BALANCES</b>					
Restricted	-	-	-	1,759,853	1,759,853
Unassigned	<u>1,464,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,464,334</u>
Total Fund Balances	<u>1,464,334</u>	<u>-</u>	<u>-</u>	<u>1,759,853</u>	<u>3,224,187</u>
Total Liabilities and Fund Balances	<u>\$ 2,542,320</u>	<u>\$ 180,252</u>	<u>\$ -</u>	<u>\$ 1,759,853</u>	<u>\$ 4,482,425</u>

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

**THE GALILEO SCHOOL FOUNDATION, INC.**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
*June 30, 2023***

<b>Total Fund Balances - Governmental Funds</b>	\$ 3,224,187
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	30,004,226
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	
Bonds Payable	<u>(32,943,077)</u>
<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 285,336</u></u>

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

**THE GALILEO SCHOOL FOUNDATION, INC.**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

*For the Fiscal Year Ended June 30, 2023*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local State	\$ -	\$ 1,050,848	\$ -	\$ -	\$ 1,050,848
Local and Other	10,615,842	-	733,120	-	11,348,962
	1,420,238	-	-	37,342	1,457,580
Total Revenues	<u>12,036,080</u>	<u>1,050,848</u>	<u>733,120</u>	<u>37,342</u>	<u>13,857,390</u>
<b>Expenditures</b>					
Current - Education:					
Instruction	7,211,784	805,444	-	-	8,017,228
Student Support Services	189,449	108,181	-	-	297,630
Instructional Media	631	-	-	-	631
Instruction & Curriculum Development	177,202	33,228	-	-	210,430
Instructional Staff Training	51,444	-	-	-	51,444
Board	52,193	-	-	-	52,193
General Administration	74,559	-	-	-	74,559
School Administration	1,696,352	-	-	-	1,696,352
Facilities Acquisition & Construction	310,221	-	-	-	310,221
Fiscal Services	119,501	-	-	-	119,501
Food Services	245,262	-	-	-	245,262
Central Services	5,194	-	-	-	5,194
Operation of Plant	820,828	3,033	-	-	823,861
Maintenance of Plant	80,862	-	-	-	80,862
Community Service	139,800	-	-	-	139,800
Fixed Capital Outlay:					
Facilities Acquisition & Construction	304,989	100,962	-	-	405,951
Other Capital Outlay	30,806	-	-	-	30,806
Debt Service:					
Interest & Fiscal Charges	-	-	-	1,178,895	1,178,895
Total Expenditures	<u>11,511,077</u>	<u>1,050,848</u>	<u>-</u>	<u>1,178,895</u>	<u>13,740,820</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>525,003</u>	<u>-</u>	<u>733,120</u>	<u>(1,141,553)</u>	<u>116,570</u>
Other Financing Sources (Uses):					
Transfers In/(Out)	(357,065)	-	(878,120)	1,235,185	-
Total Other Financing Sources (Uses)	<u>(357,065)</u>	<u>-</u>	<u>(878,120)</u>	<u>1,235,185</u>	<u>-</u>
Net Change in Fund Balances	167,938	-	(145,000)	93,632	116,570
Fund Balances, July 1, 2022	1,296,396	-	145,000	1,666,221	3,107,617
Fund Balances, June 30, 2023	<u>\$ 1,464,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759,853</u>	<u>\$ 3,224,187</u>

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



**THE GALILEO SCHOOL FOUNDATION, INC.**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
*For the Fiscal Year Ended June 30, 2023***

<b>Net Change in Fund Balances - Governmental Funds</b>		\$	116,570
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
	Capital Outlays	436,757	
	Depreciation Expense	<u>(812,091)</u>	(375,334)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in governmental funds:			
	Amortization of bond premium		<u>99,942</u>
<b>Change in Net Position - Governmental Activities</b>		<u>\$</u>	<u>(158,822)</u>

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

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ **Reporting Entity**

The Galileo School Foundation, Inc., (“Organization”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, and the Florida Not-For-Profit Corporation Act. It operates two charter schools (Galileo School for Gifted Learning and Galileo School for Gifted Learning - Skyway) under separate charters of the sponsoring school district, the District School Board of Seminole County. The governing body of the Organization is the not-for-profit corporation Board of Directors, which is comprised of five members.

The general operating authority of the Organization is contained in Section 1002.33, Florida Statutes. The Organization operates under charter agreements of three sponsoring school district, the District School Board of Seminole County, Florida, (“District”). At the end of the term of each charter agreement, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District are required to notify the Organization in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the Organization. The Organization’s charter schools are considered component units of the District; therefore, for financial reporting purposes, the Organization is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the Organization's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Organization is financially accountable and other organizations for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Organization.

#### ➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the Organization as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Organization’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Organization.

Fund Financial Statements - Fund financial statements report detailed information about the Organization in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements. The Organization's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for Federal grant programs and food service operations.
- Capital Projects Fund – to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.
- Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

### ➤ Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Organization considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

### ➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

### ➤ **Investments**

The Organization had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the Organization is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The Organization's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service and Capital Projects Funds in the Balance Sheet – Governmental Funds.

### ➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general school purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the Organization as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Building & Fixed Equipment	39 years
Furniture, Fixtures and Equipment	3-5 years
Improvements	10-20 years

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

### ➤ Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Organization does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The Organization does not have any items that qualify for reporting in this category.

### ➤ Noncurrent Liabilities

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. Current-year information relative to changes in long-term debt is described in subsequent notes.

### ➤ Net Position and Fund Balance Classification

#### *Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### *Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the Organization’s Board of Governance.
- Assigned – fund balance that is intended to be used by the Organization’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the Organization’s general fund and includes all spendable amounts not contained in the other classifications.

### ➤ **Order of Fund Balance Spending Policy**

The Organization’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

### ➤ **Revenue Sources**

Revenues for current operations are received primarily from the local school district pursuant to the funding provisions included in the individual School charters. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, each School reports the number of full-time equivalent students and related data to the local school district.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) reported by the Schools during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of each School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2023, the Organization's schools reported 1,356.10 unweighted FTE and 1,433.00 Weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The Organization receives Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The Organization receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The Organization also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The Organization follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

### ➤ **Income Taxes**

The Organization is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

# THE GALILEO SCHOOL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

## 2. CASH DEPOSITS

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Organization’s deposits may not be returned to the Organization. The Organization does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2023, the Organization was exposed to custodial credit risk. Three of the Organization’s bank accounts exceeded the FDIC insurance limit by \$434,558, \$300,107 and \$49,214. The Organization has not experienced losses in such accounts.

## 3. INVESTMENTS

The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements as of June 30, 2023, are valued using quoted market prices (Level 1 inputs).

The Organization’s investments at June 30, 2023, are reported as follows:

<u>Investment</u>	<u>Amount</u>
United States Treasury Note	\$ 649,946
Federal National Mortgage Association	309,507
Federal Home Loan Bank	296,317
Federal Home Loan Mortgage Corporation	291,196
Money Market - Bank of New York Mellon	19,090
Total	<u>\$ 1,566,056</u>



**THE GALILEO SCHOOL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land	\$ 2,137,265	\$ -	\$ -	\$ 2,137,265
Buildings & Fixed Equipment	28,584,822	-	-	28,584,822
Improvements	253,805	405,951	-	659,756
Furniture, Fixtures and Equipment	380,212	30,806	-	411,018
Total Capital Assets	<u>31,356,104</u>	<u>436,757</u>	<u>-</u>	<u>31,792,861</u>
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	(702,404)	(732,944)	-	(1,435,348)
Improvements	(62,771)	(33,941)	-	(96,712)
Furniture, Fixtures and Equipment	(211,369)	(45,206)	-	(256,575)
Total Accumulated Depreciation	<u>(976,544)</u>	<u>(812,091)</u>	<u>-</u>	<u>(1,788,635)</u>
Governmental Activities Capital Assets, net	<u>\$ 30,379,560</u>	<u>\$ (375,334)</u>	<u>\$ -</u>	<u>\$ 30,004,226</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

**5. BONDS PAYABLE**

Bonds payable at June 30, 2023, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Annual Maturity To
Series 2021-A	\$ 29,480,000	4.000%	2056
Series 2021-B	165,000	3.375%	2024
Unamortized Bond Premium	<u>3,298,077</u>		
	<u>\$ 32,943,077</u>		

**Revenue Bonds Series 2021** – On July 20, 2021, the Seminole County Industrial Development Authority issued \$29,645,000 of Educational Facilities Revenue Bonds on behalf of The Galileo School Foundation, Inc. The Bonds were issued for the purposes of the purchase of educational facilities of The Galileo School Foundation, Inc.’s two charter schools (Galileo School for Gifted Learning - Riverbend and Galileo School for Gifted Learning – Skyway). The Bond is secured by a mortgage on the School’s property and buildings.

Series 2021 bonds are term bonds paying interest semi-annually at a rate ranging from 3.75% to 4.00% with maturities starting 6/15/2024, and ending 8/15/2056.

**THE GALILEO SCHOOL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

Series 2021 bonds are term bonds paying interest semi-annually at a rate ranging from 3.75% to 4.00% with maturities starting 6/15/2024, and ending 8/15/2056.

As required by the bond resolution, the District has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account. In the event of default for non-payment of principal or interest on the bonds, the outstanding amounts will become due and payable.

In the event of default for non-payment of principal or interest on the bonds, the outstanding amounts will become due and payable. The Organization is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio is 1.1 to 1 (the “debt Service Coverage Requirement”) as of June 30, 2023. The Organization’s debt service coverage ratio as calculated was 1.35. Further, the Organization agrees to have cash on hand at each June 30 until the bonds are no longer outstanding in amount not less than 45 days cash on hand. As of June 30, 2023, the Organization’s number of days cash on hand was 72.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	\$ 1,609,768	\$ 425,000	\$ 1,184,768
2025	1,608,800	440,000	1,168,800
2026	1,611,200	460,000	1,151,200
2027	1,607,800	475,000	1,132,800
2028	1,608,800	495,000	1,113,800
2029-2033	6,758,200	2,790,000	3,968,200
2034-2038	7,978,500	3,395,000	4,583,500
2039-2043	7,958,300	4,125,000	3,833,300
2044-2048	7,946,500	5,025,000	2,921,500
2049-2053	7,925,500	6,115,000	1,810,500
2054-2056	6,322,800	5,900,000	422,800
<i>add: Unamortized Bond Premium</i>	<u>3,298,077</u>	<u>3,298,077</u>	-
<b>Total</b>	<u><u>\$ 56,234,245</u></u>	<u><u>\$ 32,943,077</u></u>	<u><u>\$ 23,291,168</u></u>

**THE GALILEO SCHOOL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**6. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds Payable	\$ 29,645,000	\$ -	\$ -	\$ 29,645,000	\$ 425,000
Unamortized Bond Premium	3,398,019	-	(99,942)	3,298,077	-
Total Bonds Payable	<u>33,043,019</u>	<u>-</u>	<u>(99,942)</u>	<u>32,943,077</u>	<u>425,000</u>
Total Governmental Activities	<u>\$ 33,043,019</u>	<u>\$ -</u>	<u>\$ (99,942)</u>	<u>\$ 32,943,077</u>	<u>\$ 425,000</u>

**7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2023 the Special Revenue Fund owed the General Fund \$180,252 for grant expenditures awaiting reimbursement. During the fiscal year, the General Fund and the Capital Projects Fund transferred \$357,065 and \$878,120, respectively, to the Debt Service Fund for transactions associated with the 2021 Bond issuance. The amounts of interfund transfers and interfund receivables and payables are netted together and not reported in the statement of activities and the statement of net position, respectively.

**8. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the Organization's State revenue:

Source	Amount
Florida Education Finance Program	\$ 8,512,670
Categorical Programs:	
Class Size Reduction	1,911,462
School Recognition	108,374
Charter School Capital Outlay	733,120
Miscellaneous	83,336
Total State Revenue	<u>\$ 11,348,962</u>

As provided in the charter School contracts, the local School District charged administrative fees totaling \$74,559.

**9. FUNDING AND CREDIT RISK CONCENTRATIONS**

The Organization receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the Organization is greatly dependent upon the continued support of these governmental agencies.

**THE GALILEO SCHOOL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**10. COMMITMENTS AND CONTINGENT LIABILITIES**

The Organization participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2023, may be impaired.

In the opinion of the Organization, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**11. RISK MANAGEMENT PROGRAMS**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**12. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SPECIAL REVENUE FUND (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2023*

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>								
Intergovernmental:								
Federal Through State and Local State	\$ -	\$ -	\$ -	\$ -	\$ 1,136,709	\$ 1,050,848	\$ 1,050,848	\$ -
Local and Other	10,562,136	10,615,842	10,615,842	-	-	-	-	-
Total Revenues	815,254	1,420,238	1,420,238	-	-	-	-	-
	11,377,390	12,036,080	12,036,080	-	1,136,709	1,050,848	1,050,848	-
<b>Expenditures:</b>								
Current - Education:								
Instruction	6,355,639	7,211,784	7,211,784	-	888,247	805,444	805,444	-
Student Support Services	175,000	189,449	189,449	-	110,000	108,181	108,181	-
Instructional Media	-	631	631	-	-	-	-	-
Instruction & Curriculum Development	173,500	177,202	177,202	-	34,000	33,228	33,228	-
Instructional Staff Training	50,000	51,444	51,444	-	-	-	-	-
Board	38,500	52,193	52,193	-	-	-	-	-
General Administration	127,506	74,559	74,559	-	-	-	-	-
School Administration	1,695,745	1,696,352	1,696,352	-	-	-	-	-
Facilities Acquisition & Construction	320,000	310,221	310,221	-	-	-	-	-
Fiscal Services	122,625	119,501	119,501	-	-	-	-	-
Food Services	225,000	245,262	245,262	-	-	-	-	-
Central Services	6,540	5,194	5,194	-	-	-	-	-
Operation of Plant	894,113	820,828	820,828	-	3,500	3,033	3,033	-
Maintenance of Plant	85,000	80,862	80,862	-	-	-	-	-
Community Service	139,689	139,800	139,800	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	254,999	304,989	304,989	-	100,962	100,962	100,962	-
Other Capital Outlay	25,000	30,806	30,806	-	-	-	-	-
Total Expenditures	10,688,856	11,511,077	11,511,077	-	1,136,709	1,050,848	1,050,848	-
Excess (Deficiency) of Revenues Over Expenditures	688,534	525,003	525,003	-	-	-	-	-
Other Financing Sources (Uses):								
Transfers In/(Out)	(457,465)	(357,065)	(357,065)	-	-	-	-	-
Total Other Financing Sources (Uses)	(457,465)	(357,065)	(357,065)	-	-	-	-	-
Net Change in Fund Balances	231,069	167,938	167,938	-	-	-	-	-
Fund Balances, July 1, 2022	1,296,396	1,296,396	1,296,396	-	-	-	-	-
Fund Balances, June 30, 2023	\$ 1,527,465	\$ 1,464,334	\$ 1,464,334	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2023**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**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**

**Independent Auditor's Report**

To the Board of Directors  
The Galileo School Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Galileo School Foundation, Inc., as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November 7, 2023.

**Report on 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 opinions 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 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 from material misstatement, we performed tests of 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.

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

November 7, 2023  
Tampa, Florida





Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

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**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
The Galileo School Foundation, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Galileo School Foundation, Inc.'s ("Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's Federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*King & Walker, CPAs*

November 7, 2023  
Tampa, Florida

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Fiscal Year Ended June 30, 2023*

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass - Through Grantor Number	Amount of Expenditures
<b>Not Clustered</b>			
<b>United States Department of Education:</b>			
Seminole County District School Board:			
Special Education, Individuals with Disabilities Education Act	84.027	262	\$ 279,811
Charter Schools	84.282	298	100,963
Improving Teacher Quality, Elementary and Secondary Education Act, Title II	84.367	224	66,290
Student Support and Academic Enrichment Program, Title IV	84.424	241	7,484
Education Stabilization Fund:	84.425		
Elementary and Secondary School Emergency Relief Fund CRRSA	COVID-19, 84.425D	124	363,902
Elementary and Secondary School Emergency Relief Fund ARP	COVID-19, 84.425U	125	232,398
Total Education Stabilization Fund	84.425		<u>596,300</u>
<b>Total United States Department of Education</b>			<u>1,050,848</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,050,848</u>

See Independent Auditor's Report.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200**  
**June 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the School under programs of the Federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**THE GALILEO SCHOOL FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS**  
**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200**  
**June 30, 2023**

**Section I - SUMMARY OF AUDIT RESULTS**

As required by Title 2 U.S. Code of Federal Regulations Section 200.515, the following is a summary of the results of the audit of The Galileo School Foundation, Inc., for the fiscal year ended June 30, 2023:

<u>Financial Statements</u>	<u>Results</u>
Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant Deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
<u>Federal Awards</u>	
Internal control over major Federal program:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for the major Federal program?	Unmodified
Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)?	No
Identification of major Federal program:	
Assistance Listing Number:	
84.425	Education Stabalization Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Section IV– STATUS OF PRIOR YEAR FINDINGS**

No matters were reported.