

**Founding Fourteen, Inc.**

Financial Statements  
and  
Independent Auditors' Report

For the Year Ended June 30, 2024

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Founding Fourteen, Inc.

### **Report on the Audit of the Financial Statements**

#### Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Founding Fourteen, Inc. ("the School"), a Georgia not-for-profit organization and component unit of the Fulton County Board of Education, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Founding Fourteen, Inc. as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 opinion.

#### Responsibilities of Management for the Financial Statements

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

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

## Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 School'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 School'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.

## **Report on Other Legal and Regulatory Requirements**

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and the schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund, and schedule of proportionate share of the net pension liability on pages 4 through 7 and pages 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 supplemental 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Marshall Jones". The signature is written in a cursive, flowing style.

Alpharetta, Georgia  
September 25, 2024

FOUNDING FOURTEEN, INC  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
June 30, 2024

The Board of Directors of Founding Fourteen, Inc. (“the School”) offers readers of the School’s financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the School’s financial statements.

Financial Highlights

- Total GASB revenues for the year ended June 30, 2024 was \$7,199,314.
- At the close of the current fiscal year, the School reports an ending fund balance of \$2,693,588. The general fund balance increased by \$322,788 from the previous year end general fund balance and is presented as the result of the net change in fund balance for the year ended June 30, 2024.
- As of June 30, 2024, the School reported total days cash on hand of 101 days.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s basic financial statements as presented comprise three components: a) government-wide financial statements, b) fund financial statements, and c) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by Fulton County, the State of Georgia, and federal funding sources (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School’s governmental activities. All funds are used to fulfill the mission of the School. The government-wide financial statements include only the School itself, which is a component unit of the Fulton County Board of Education (“the School System”). The School System includes the operations of the School in their operational results.

(Continued)

FOUNDING FOURTEEN, INC  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
June 30, 2024

Overview of the Financial Statements (Continued)

**Fund Financial Statements**

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The general fund is considered to be a major fund.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules have been provided to demonstrate compliance with this budget and can be found as required supplementary information to the basic financial statements.

**Notes to Financial Statements**

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

(Continued)

FOUNDING FOURTEEN, INC  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
June 30, 2024

**Government-Wide Financial Statement Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by \$3,873,543 as of June 30, 2024.

<b>Total Assets and Deferred Outflows</b>	<b>\$ 28,719,587</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>32,593,130</b>
<b>Total Net Position</b>	<b>\$ (3,873,543)</b>

The School's revenues are predominantly from the Fulton County Board of Education, based on student enrollment and awards from state and federal sources.

<b>Revenues</b>	
State funds	\$ 6,604,581
Federal funds	359,968
Other	91,320
<b>Total Revenues</b>	<b>7,055,869</b>
<b>Expenditures</b>	
Instruction	4,504,435
Support services	1,803,334
Non-instructional services	23,978
Interest	313,540
Other non-cash	905,550
<b>Total Expenditures</b>	<b>7,550,837</b>
<b>General Revenues</b>	
Interfund transfers	34,965
<b>Total General Revenues</b>	<b>34,965</b>
<b>Change in Net Position</b>	<b>\$ (460,003)</b>

**Financial Analysis of the Government's Funds**

The focus of the School's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's governmental fund ("the General Fund") reported an ending fund balance of \$2,693,588. For the year ended June 30, 2024, the School's revenues and other financing sources (\$7,090,834) exceeded the School's expenditures and other financing uses (\$6,768,046) by \$322,788.



FOUNDING FOURTEEN, INC  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
June 30, 2024

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$144,587 primarily due to actual grant receipts and other revenue being higher than budgeted. Actual expenditures exceeded budgeted expenditures by \$72,745, primarily due to maintenance and operation and capital outlays being higher than budgeted.

Capital Assets

As of June 30, 2024, the School's investment in capital assets for its governmental activities totaled \$588,121 (net of accumulated depreciation). This investment in capital assets includes the School's leasehold improvements.

Economic Factors and Events Affecting Operations

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to remain steady for the 2024/2025 school year.

Contacting the School's Financial Management

This financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to Founding Fourteen, Inc., at 11365 Crabapple Road, Roswell, GA 30075.

FOUNDING FOURTEEN, INC  
STATEMENT OF NET POSITION  
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,743,024	\$ 134,353	\$ 1,877,377
Certificate of deposit	1,035,658	-	1,035,658
Accounts receivable:			
Federal government	28,976	-	28,976
Prepaid expenditures	36,872	-	36,872
Security deposits	54,835	-	54,835
Capital assets, depreciable, net	588,121	-	588,121
Interfund receivable	134,353	-	134,353
Lease asset, net	22,845,135	-	22,845,135
<b>Total Assets</b>	<b>26,466,974</b>	<b>134,353</b>	<b>26,601,327</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	2,118,260	-	2,118,260
<b>Total Deferred Outflows of Resources</b>	<b>2,118,260</b>	<b>-</b>	<b>2,118,260</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 28,585,234</b>	<b>\$ 134,353</b>	<b>\$ 28,719,587</b>
<b>Liabilities</b>			
Accounts payable	\$ 51,323	\$ -	\$ 51,323
Salaries and benefits payable	288,807	-	288,807
Interfund payable	-	134,353	134,353
Long-term liabilities:			
Lease liability	25,837,274	-	25,837,274
Net pension liability	6,119,501	-	6,119,501
<b>Total Liabilities</b>	<b>32,296,905</b>	<b>134,353</b>	<b>32,431,258</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investment	161,872	-	161,872
<b>Total Deferred Inflows of Resources</b>	<b>161,872</b>	<b>-</b>	<b>161,872</b>
<b>Net Position</b>			
Unrestricted net position	(4,490,640)	-	(4,490,640)
Restricted net position	28,976	-	28,976
Net investment in capital assets	588,121	-	588,121
<b>Total Net Position</b>	<b>(3,873,543)</b>	<b>-</b>	<b>(3,873,543)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 28,585,234</b>	<b>\$ 134,353</b>	<b>\$ 28,719,587</b>

This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

Functions	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business- Type Activities	
<b>Governmental Activities:</b>						
Instruction	\$ 4,504,435	\$ -	\$ 6,604,581	\$ 2,100,146	\$ -	\$ 2,100,146
Support Services:						
Pupil	60,528	-	275,004	214,476	-	214,476
General administration	49,304	-	-	(49,304)	-	(49,304)
School administration	1,004,474	-	-	(1,004,474)	-	(1,004,474)
Business administration	81,930	-	-	(81,930)	-	(81,930)
Maintenance and operation	607,098	-	128,718	(478,380)	-	(478,380)
Operations of Non-Instructional Services:						
Food services	23,978	-	-	(23,978)	-	(23,978)
Depreciation	62,037	-	-	(62,037)	-	(62,037)
Amortization of lease asset	843,513	-	-	(843,513)	-	(843,513)
Interest	313,540	-	-	(313,540)	-	(313,540)
<b>Total Governmental Activities</b>	<b>7,550,837</b>	<b>-</b>	<b>7,008,303</b>	<b>(542,534)</b>	<b>-</b>	<b>(542,534)</b>
<b>Business-Type Activities</b>						
Enterprise fund	108,480	143,445	-	-	34,965	34,965
<b>Total Business-Type Activities</b>	<b>108,480</b>	<b>143,445</b>	<b>-</b>	<b>-</b>	<b>34,965</b>	<b>34,965</b>
<b>Total Primary Government</b>	<b>\$ 7,659,317</b>	<b>\$ 143,445</b>	<b>\$ 7,008,303</b>	<b>(542,534)</b>	<b>34,965</b>	<b>(507,569)</b>
<b>General Revenues</b>						
Interfund transfer				34,965	(34,965)	-
Interest income				36,858	-	36,858
Other contributions				10,708	-	10,708
<b>Total General Revenues</b>				<b>82,531</b>	<b>(34,965)</b>	<b>47,566</b>
<b>Change in Net Position</b>				<b>(460,003)</b>	<b>-</b>	<b>(460,003)</b>
Net position, beginning of year				(3,413,540)	-	(3,413,540)
<b>Net Position, End of Year</b>				<b>\$(3,873,543)</b>	<b>\$ -</b>	<b>\$(3,873,543)</b>

This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2024

	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,743,024
Certificate of deposit	1,035,658
Accounts receivable:	
Federal government	28,976
Interfund	134,353
Prepaid expenditures	36,872
Security deposits	54,835
<hr/>	
<b>Total Assets</b>	<b>\$ 3,033,718</b>
<hr/>	
<b>Liabilities</b>	
Accounts payable	\$ 51,323
Salaries and benefits payable	288,807
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<b>Total Liabilities</b>	<b>340,130</b>
<hr/>	
<b>Fund Balance</b>	
Restricted fund balance	28,976
Unassigned fund balance	2,664,612
<hr/>	
<b>Total Fund Balance</b>	<b>2,693,588</b>
<hr/>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,033,718</b>
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This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
RECONCILIATION OF THE  
BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2024

<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 2,693,588</b>
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital assets, net	588,121
Lease asset	22,845,135
Deferred outflows of resources related to pension	2,118,260
Deferred inflows of resources related to pension	(161,872)
Certain liabilities are not reported in the fund financial statement because they are not due and payable, but they are presented in the Statement of Net Position as follows:	
Net pension liability	(6,119,501)
Lease liability	(25,837,274)
<b>Total Net Position of Governmental Activities</b>	<b>\$ (3,873,543)</b>

This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2024

	<b>Total</b>
<hr/>	
<b>Revenues</b>	
State funds	\$ 6,604,581
Federal funds	359,968
Other	91,320
<b>Total Revenues</b>	<b>7,055,869</b>
<hr/>	
<b>Expenditures</b>	
Instruction	4,117,552
Support services:	
Pupil	60,528
General administration	49,304
School administration	911,483
Business administration	81,930
Maintenance and operation	1,446,655
School nutrition	23,978
Capital outlay	76,616
<b>Total Expenditures</b>	<b>6,768,046</b>
<hr/>	
<b>Excess of Revenues over Expenditures</b>	<b>287,823</b>
<hr/>	
<b>Other Financing Sources</b>	
Operating transfers in	34,965
<b>Total Other Financing Sources</b>	<b>34,965</b>
<hr/>	
<b>Net Change in Fund Balance</b>	<b>322,788</b>
Fund balance, beginning of year	2,370,800
<hr/>	
<b>Fund Balance, End of Year</b>	<b>\$ 2,693,588</b>
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This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

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**Net Change in Fund Balance –  
Total Governmental Funds** **\$ 322,788**

Amounts reported for governmental activities  
in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities, assets are  
capitalized and the cost is allocated over their estimated  
useful lives and reported as depreciation expense:

Capital outlay	<b>76,616</b>
Depreciation expense	<b>(62,037)</b>

Payment of pension expenses is reported as an  
expenditure in governmental funds, but the  
payment creates deferred outflows of resources on  
the Statement of Net Position:

Pension expense	<b>(489,000)</b>
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Rent payments are reported as an expenditure in  
governmental funds, but the payment reduces  
the long-term lease liability in the Statement of  
Activities:

Lease liability retirement	<b>848,683</b>
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The amortization of the lease asset and interest  
expense related to the lease payments are  
recorded as expenses in the Statement of  
Activities:

Amortization expense	<b>(843,513)</b>
Interest expense	<b>(313,540)</b>

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**Change in Net Position - Governmental Activities** **\$ (460,003)**

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This financial statement should only be read in connection with the accompanying  
independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
June 30, 2024

	<b>Enterprise Fund</b>
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 134,353
<hr/>	
<b>Total Assets</b>	<b>\$ 134,353</b>
<hr/>	
<b>LIABILITIES</b>	
Due to general fund	\$ 134,353
<hr/>	
<b>Total Liabilities</b>	<b>134,353</b>
<hr/>	
<b>NET POSITION</b>	
Unrestricted	-
<hr/>	
<b>Total Net Position</b>	<b>-</b>
<hr/>	
<b>Total Liabilities and Net Position</b>	<b>\$ 134,353</b>
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This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.



FOUNDING FOURTEEN, INC.  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION – PROPRIETARY FUNDS  
For the Year Ended June 30, 2024

	<b>Enterprise Fund</b>
<hr/>	
<b>Operating Revenues</b>	
Charges for services	\$ 143,445
<hr/>	
<b>Total Operating Revenues</b>	<b>143,445</b>
<hr/>	
<b>Operating Expenses</b>	
Instruction	108,480
<hr/>	
<b>Total Operating Expenses</b>	<b>108,480</b>
<hr/>	
<b>Operating Income</b>	<b>34,965</b>
<b>Interfund Transfer</b>	<b>(34,965)</b>
<hr/>	
<b>Change in Net Position</b>	<b>-</b>
<hr/>	
Net position, beginning of year	-
<hr/>	
<b>Net Position, End of Year</b>	<b>\$ -</b>
<hr/>	

This financial statement should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Founding Fourteen, Inc. (“the School”), d/b/a Fulton Academy of Science and Technology, a Georgia not-for-profit organization, was established in 2015. The School was granted a charter by the Fulton County Board of Education (“the School System”) pursuant to O.C.G.A § 20-2-2060 *et seq.*, the Charter Schools Act of 1998 to provide educational services to students in grades Kindergarten through eight. The term of the most recently authorized charter is from July 1, 2021 through June 30, 2026.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing government accounting and financial reporting principles. GASB has issued a codification of governmental accounting and financial reporting standards.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the School as a whole. The Statement of Activities demonstrates the degree to which the direct expenses of the School’s function are offset by program revenues.

The fund financial statements (Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds) report on the School’s General Fund and Proprietary Fund.

**Fund Accounting**

The School uses funds to maintain its financial records during the fiscal year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. All of the operations of the School are presented in governmental funds only.

**Governmental Funds**

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The School reports the difference between governmental fund assets and liabilities and deferred inflows of resources as fund balance. The School reports the following major governmental funds:

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation** (Continued)

Governmental Funds (Continued)

*General Fund*

The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's balance is available to the School for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

Proprietary Funds

*Enterprise Fund*

The enterprise fund accounts for operations which are financed and operated in a manner similar to private business enterprises. The costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges. The School's enterprise fund results from its after-school childcare operation.

**Measurement Focus**

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Accounting** (Continued)

Revenue

The School is primarily funded by the School System based on a rate per student calculated by the School System. Resources provided in this manner are considered to be non-exchange transactions and are recognized in the fiscal year when use of the funds is first permitted. Other funding obtained through the School System or funding obtained directly from the federal government are also considered non-exchange transactions and are recognized in the fiscal year in which certain matching or expenditure requirements are met, such as resources obtained for a specific purpose or as a qualifying reimbursement, etc.

Certain charges for services, such as for food services, are considered exchange transactions and are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria is satisfied.

Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**Assets, Liabilities, and Fund Equity**

Cash and Cash Equivalents

The School considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

Interfund Balances

The School sometimes advances resources to other funds that will not be repaid in the current period. The fund balance of the loaning governmental fund is reserved at the fund reporting level to indicate it is not available for expenditure.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Equity** (Continued)

Credit Risk

The School maintains its cash accounts at financial institutions in which amounts up to \$250,000 per institution are insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, the School held \$2,218,735 in uninsured cash balances.

Accounts Receivable

Accounts receivable, including federal government and other receivables, are stated at face value with no allowance for doubtful accounts. The School evaluates receivables annually for bad debts using the direct write-off method. This method differs from GAAP which requires providing an allowance for expected credit losses. Variances caused by using the direct write-off method instead of the method prescribed by GAAP are not considered to be significant.

Capital Assets

Capital assets are stated at cost. Depreciation has been calculated on such assets using the straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Useful Life</u>
Leasehold Improvements	3-7 years
Machinery and Equipment	3-7 years
Computers	3 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (“TRS”) and additions to/deductions from TRS’s fiduciary net position have been determined on the same basis as they are reported to TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Fund balances are divided into five categories as defined by GASB 54, as follows:

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Equity** (Continued)

Fund Balances (Continued)

*Nonspendable*

Fund balances classified as nonspendable are permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.

*Restricted*

Fund balances classified as restricted are legally restricted under legislation, bond authority, or grantor contract.

*Committed*

Fund balances classified as committed are commitments of future funds for specific purposes passed by the Board of Directors.

*Assigned*

Fund balances classified as assigned are funds that are intended by management to be used for a specific purpose, including encumbrances.

*Unassigned*

Fund balances classified as unassigned are funds available for any purpose.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School's policy to use restricted amounts first and then unrestricted amounts as they are needed.

Net Position

Accounting standards require a Statement of Net Position and a Statement of Activities and Changes in Net Position. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These calculations are defined as follows:

*Net Investment in Capital Assets*

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation.

*Restricted*

This component of net position results from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints placed on net position by law through constitutional provisions of enabling legislation adopted by the School.

*Unrestricted*

This component of net position consists of those assets that do not meet the definition of net investment in capital assets and restricted net position.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the financial statements. Accordingly, actual results could differ from those estimates.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with GAAP for nongovernmental entities. An annual budget is adopted for the operations of the School.

**Income Taxes**

The School is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

The School only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the School operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the School's financial condition, results of operations or cash flows. Accordingly, the School has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2024.

The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The School believes it is no longer subject to income tax examinations for years prior to 2022.

**Subsequent Events**

The School has evaluated subsequent events through the filing date of this report. Any significant events that have occurred through that date are included in these notes.

**NOTE 2 – GASB STATEMENT NUMBER 87 – LEASES**

The School accounts for leases under GASB Statement Number 87, *Leases*, ("GASB 87"), which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This requires the lessee to recognize a lease liability and an intangible right-to-use asset.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 2 – GASB STATEMENT NUMBER 87 – LEASES** (Continued)

The School entered into a lease agreement with FAST Charter Holdings, LLC in August 2016 for use of buildings and improvements at Roswell, Georgia for the operations of the School with an initial 20-year term ending August 11, 2036. The School has possible lease extensions of three consecutive five-year terms. Management of the School currently believes that it is reasonably certain that each of the lease extensions will be utilized. The base annual lease liability payment of \$769,936 remained constant up until Year 4 of the lease, after which the rent increased each year by 2% from the previous year.

The School considered this a right-of-use asset and it is reflected as a Lease Asset and Lease Liability on the Statement of Net Position in the amounts of \$29,522,945 and 25,837,274 at June 30, 2024 respectively, utilizing the School’s risk-free-rate of 0.10%. A related Lease Asset accumulated amortization of \$6,677,810 has been recognized as of June 30, 2024.

Future minimum lease payments are as follows:

Years ending June 30,	Amount
2025	865,656
2026	882,969
2027	900,629
2028	918,641
2029	937,014
Thereafter	26,212,038
<b>Total</b>	<b>\$ 30,716,947</b>

**NOTE 3 – CONCENTRATIONS**

Revenue

For the year ended June 30, 2024, the School received a significant portion of its annual revenue from the Fulton County Board of Education as a part of its charter agreement which is paid to the School in monthly installments.



FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 is summarized below:

Description	Balance June 30, 2023	Additions	Balance June 30, 2024
Leasehold Improvement	\$ 229,550	\$ -	\$ 229,550
Buildings	381,575	-	381,575
Machinery and equipment	282,113	61,987	344,100
Land Improvements	132,351	-	132,351
Computers	41,127	14,629	55,756
Total Capital Assets	1,066,716	76,616	1,143,332
Less: Accumulated Depreciation	(493,174)	(62,037)	(555,211)
<b>Capital Assets, net</b>	<b>\$ 573,542</b>	<b>\$ 14,579</b>	<b>\$ 588,121</b>

**NOTE 5 - RETIREMENT PLAN**

Plan Description

All teachers of the School as defined in §47-3-60 of the *Official Code of Georgia Annotated* (“O.C.G.A.”) and certain other support personnel as defined by §47-3-63 are provided a pension through TRS. TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (“TRS Board”). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at [www.trsga.com/publications](http://www.trsga.com/publications).

Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee’s two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee’s creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee’s beneficiary had the employee retired on the date of death. Death benefits are based on the employee’s creditable service and compensation up to the date of death.

Contributions

Per Title 47 of *O.C.G.A.*, contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to *O.C.G.A.* §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 5 - RETIREMENT PLAN** (Continued)

Contributions (Continued)

Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2024. The School's contractually required contribution rate for the year ended June 30, 2024, was 19.98% of the School's annual payroll. The School's contributions to TRS were \$657,979 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2024, the School reported a net pension liability of \$6,119,501.

The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023, was determined using standard roll-forward techniques.

The School's proportion of the net pension liability was based on contributions to TRS during fiscal year ended June 30, 2023. At June 30, 2023, the School's proportion was 0.020727%, which was a decrease of 0.000725% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the School recognized pension expense of \$1,287,064. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 430,401	\$ -
Difference between expected and actual experience	310,740	25,302
Changes of assumptions	629,565	-
Changes in proportion and differences between School contributions and proportionate share of contributions	89,575	136,570
School contributions subsequent to the measurement date	657,979	-
	<u>\$ 2,118,260</u>	<u>\$ 161,872</u>

The School's contributions subsequent to the measurement date of \$657,979 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 5 - RETIREMENT PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	Amount
2025	\$ 429,074
2026	239,132
2027	796,864
2028	(166,661)

The total pension liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjust 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

(Continued)

FOUNDING FOURTEEN, INC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 5 - RETIREMENT PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.90%
Domestic large equities	46.30%	9.40%
Domestic small equities	1.20%	13.40%
International developed market equities	12.30%	9.40%
International emerging market equities	5.20%	11.40%
Alternatives	5.00%	10.50%
	100.00%	

\* Rates are shown net of inflation.

Discount Rate

The discount rate used to measure the total net pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at the actuarially determined employer contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School's proportionate share of the net pension liability	\$ 9,675,642	\$ 6,119,501	\$ 3,215,432

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at [www.trsga.com/publications](http://www.trsga.com/publications).

These notes should only be read in connection with the accompanying financial statements and independent auditors' report.

FOUNDING FOURTEEN, INC.  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND – (UNAUDITED)  
For the Year Ended June 30, 2024

	Budgeted Amounts	Actual Amounts	Over (Under) Budget
<b>Revenues</b>			
State funds	\$ 6,545,424	\$ 6,604,581	\$ 59,157
Federal funds	340,000	359,968	19,968
Other	25,858	91,320	65,462
<b>Total Revenues</b>	<b>6,911,282</b>	<b>7,055,869</b>	<b>144,587</b>
<b>Expenditures</b>			
Instruction	4,143,032	4,117,552	25,480
Support services:			
Pupil	61,475	60,528	947
General administration	70,000	49,304	20,696
School administration	956,185	911,483	44,702
Business administration	77,824	81,930	(4,106)
Maintenance and operation	1,426,209	1,446,655	(20,446)
School nutrition	46,700	23,978	22,722
Capital outlay	59,366	76,616	(17,250)
<b>Total Expenditures</b>	<b>6,840,791</b>	<b>6,768,046</b>	<b>72,745</b>
<b>Excess of Revenues over Expenditures</b>	<b>70,491</b>	<b>287,823</b>	<b>71,842</b>
<b>Other Financing Sources</b>			
Operating transfers in	46,000	34,965	(11,035)
<b>Total Other Financing Sources</b>	<b>46,000</b>	<b>34,965</b>	<b>(11,035)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 116,491</b>	<b>322,788</b>	<b>\$ 206,297</b>
Fund balance, beginning of year		2,370,800	
<b>Fund Balance, End of Year</b>		<b>\$ 2,693,588</b>	

This supplementary schedule should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC.  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM OF GEORGIA  
For the Years Ended June 30, 2018 through 2024

	2024	2023	2022	2021	2020	2019	2018
School's proportion of the net pension liability	.020727%	.021452%	.021685%	.021006%	.019565%	.019524%	.0015667%
School's proportionate share of the net pension liability	\$ 6,119,501	\$ 6,965,879	\$ 1,917,894	\$ 5,088,475	\$ 4,207,004	\$ 3,624,073	\$ 2,911,760
School's covered-employee payroll during the measurement period	\$ 3,293,188	\$ 2,899,536	\$ 2,920,338	\$ 2,841,207	\$ 2,761,064	\$ 2,386,091	\$ 1,801,392
School's proportion share of the net pension liability as a percentage of its covered-employee payroll	185.82%	240.24%	66%	179%	152%	152%	161.6%
Plan fiduciary net position as a percentage of the total pension liability	76.29%	72.85%	92.03%	77.01%	78.56%	80.27%	79.33%

*Note: Schedule is intended to show information for the last ten (10) fiscal years.  
Additional years will be displayed as they become available.*

This supplementary schedule should only be read in connection with the accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC.  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 TEACHERS RETIREMENT SYSTEM OF GEORGIA  
 For the Years Ended June 30, 2018 through 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 657,979	\$ 574,398	\$ 578,519	\$ 541,534	\$ 583,690	\$ 498,693	\$ 302,814
Contributions in relation to the contractually required contribution	657,979	574,398	578,519	541,534	583,690	498,693	302,814
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 3,293,188	\$ 2,899,536	\$ 2,920,338	\$ 2,841,207	\$ 2,761,064	\$ 2,386,091	\$ 1,801,392
Contributions as a percentage of covered-employee payroll	19.98%	19.98%	19.81%	19.06%	21.14%	20.90%	16.81%

*Note: Schedule is intended to show information for the last ten (10) fiscal years.  
 Additional years will be displayed as they become available.*

This supplementary schedule should only be read in connection with the  
 accompanying independent auditors' report and notes to financial statements.

FOUNDING FOURTEEN, INC.  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

**NOTE 1 – CHANGES OF ASSUMPTIONS**

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed from the RP-2000 tables to the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

These notes should only be read in connection with the accompanying  
independent audit report and required supplementary information.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Founding Fourteen, 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 and each major fund of Founding Fourteen, Inc. ("the School"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Marshall Jones". The signature is written in a cursive, flowing style.

Alpharetta, Georgia  
September 25, 2024