

THE EDUCATION FOUNDATION OF
COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)

FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

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JUNE 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

October 7, 2020

To the Board of Directors
THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)
Naples, Florida

We have audited the accompanying financial statements of THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)
October 7, 2020

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida

FINANCIAL STATEMENTS

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents (Note 2)	\$ 2,119,363	\$ 866,187
Contributions receivable (Note 3)	245,841	581,971
Certificate of deposit (Note 2)	102,117	-
Prepaid expenses:		
Other	23,056	27,380
Scholarships (Note 4)	3,934,871	3,949,204
Endowment Fund (Notes 5 and 12)	803,963	687,160
Property and equipment, net (Note 7)	<u>1,440,609</u>	<u>1,465,418</u>
 Total Assets	 <u>\$ 8,669,820</u>	 <u>\$ 7,577,320</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses (Note 8)	\$ 109,576	\$ 84,498
Paycheck Protection Program loan (Note 9)	247,785	-
Note payable (Note 9)	<u>-</u>	<u>200,000</u>
 Total Liabilities	 <u>357,361</u>	 <u>284,498</u>
Net Assets:		
Without donor restrictions		
Undesignated	2,166,644	1,885,355
Designated (Note 11)	<u>500,000</u>	<u>125,000</u>
	2,666,644	2,010,355
 With donor restrictions (Note 10)	 <u>5,645,815</u>	 <u>5,282,467</u>
 Total Net Assets	 <u>8,312,459</u>	 <u>7,292,822</u>
 Total Liabilities and Net Assets	 <u>\$ 8,669,820</u>	 <u>\$ 7,577,320</u>

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
Support and Revenues:		
Donations and grants	\$ 2,126,345	\$ 1,748,952
In-kind contributions	433,256	335,553
Special events, net of costs of \$376,043 and \$607,024, respectively (includes equal in-kind revenue and in-kind expense)	385,768	282,048
Interest income and other, net of unrealized (losses) and gains	<u>(9,585)</u>	<u>46,905</u>
	2,935,784	2,413,458
Net assets released from restrictions:		
Satisfaction of purpose restrictions (Note 10)	<u>752,191</u>	<u>777,249</u>
 Total Support and Revenues Without Donor Restrictions	 <u>3,687,975</u>	 <u>3,190,707</u>
Expenses:		
Program Services:		
Student	1,368,569	1,230,407
Teacher and educator	477,072	418,747
Community engagement	<u>705,465</u>	<u>797,521</u>
 Total Program Services	 <u>2,551,106</u>	 <u>2,446,675</u>
Supporting Services:		
General and administrative	185,308	162,190
Fundraising	<u>295,272</u>	<u>275,596</u>
 Total Supporting Services	 <u>480,580</u>	 <u>437,786</u>
 Total Expenses	 <u>3,031,686</u>	 <u>2,884,461</u>
 Increase in Net Assets Without Donor Restrictions	 656,289	 306,246
 Net Assets Without Donor Restrictions, Beginning of Year	 <u>2,010,355</u>	 <u>1,704,109</u>
 Net Assets Without Donor Restrictions, End of Year	 <u>\$ 2,666,644</u>	 <u>\$ 2,010,355</u>

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Donations and grants	\$ 574,562	\$ 579,548
Take stock in children (TSIC) scholarships	555,310	221,271
Plus: (Depreciation) appreciation, net of usage, of the Florida Prepaid Scholarships (Note 4)	(14,333)	8,924
Less: Satisfaction of purpose restrictions (Note 10)	<u>(752,191)</u>	<u>(777,249)</u>
Increase in Net Assets With Donor Restrictions	363,348	32,494
Net Assets With Donor Restrictions, Beginning of Year	<u>5,282,467</u>	<u>5,249,973</u>
Net Assets With Donor Restrictions, End of Year	<u>\$ 5,645,815</u>	<u>\$ 5,282,467</u>
 <u>CHANGES IN TOTAL NET ASSETS:</u>		
Total Net Assets, Beginning of Year	\$ 7,292,822	\$ 6,954,082
Changes in Net Assets	<u>1,019,637</u>	<u>338,740</u>
Total Net Assets, End of Year	<u>\$ 8,312,459</u>	<u>\$ 7,292,822</u>

(Continued)

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services			Totals
	Student & Families	Teachers & Educators	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2020
<u>Direct Program Costs:</u>								
Materials	\$ 14,489	\$ 80,182	\$ 132,220	\$ 226,891	\$ -	\$ -	\$ -	\$ 226,891
Future Ready Collier (Consulting)	-	-	54,951	54,951	-	-	-	54,951
In-Kind (Program)	256,754	15,984	131,406	404,144	-	-	-	404,144
Grants, Awards & Scholarships	353,674	147,654	10,500	511,828	-	-	-	511,828
	624,917	243,820	329,077	1,197,814	-	-	-	1,197,814
<u>Allocated Costs:</u>								
Accounting & Banking Services	3,158	990	1,598	5,746	786	1,254	2,040	7,786
Salaries, Wages, Benefits & Taxes	599,406	188,009	303,381	1,090,796	149,268	237,997	387,265	1,478,061
Insurance	6,637	2,082	3,359	12,078	1,653	2,635	4,288	16,366
Office Supplies	6,530	2,048	3,305	11,883	1,626	2,593	4,219	16,102
Volunteer & Staff Support	2,470	775	1,250	4,495	615	981	1,596	6,091
Meetings & Conferences	6,137	1,925	3,106	11,168	1,528	2,437	3,965	15,133
Copying & Printing	11,502	3,608	5,822	20,932	2,983	4,567	7,550	28,482
Computer Services	25,156	7,890	12,732	45,778	6,265	9,988	16,253	62,031
Professional Services	22,021	6,907	11,146	40,074	5,484	8,744	14,228	54,302
Facility Operations	30,919	9,698	15,649	56,266	7,700	12,277	19,977	76,243
Depreciation	23,584	7,397	11,937	42,918	5,873	9,364	15,237	58,155
In-Kind (Administrative)	6,132	1,923	3,103	11,158	1,527	2,435	3,962	15,120
	743,652	233,252	376,388	1,353,292	185,308	295,272	480,580	1,833,872
Total Expenses	\$ 1,368,569	\$ 477,072	\$ 705,465	\$ 2,551,106	\$ 185,308	\$ 295,272	\$ 480,580	\$ 3,031,686

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services			Totals
	Student & Families	Teachers & Educators	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2019
<u>Direct Program Costs:</u>								
Materials	\$ 36,032	\$ 54,341	\$ 135,201	\$ 225,574	\$ -	\$ -	\$ -	\$ 225,574
Future Ready Collier (Consulting)	-	-	94,633	94,633	-	-	-	94,633
In-Kind (Program)	148,156	1,899	157,569	307,624	-	-	-	307,624
Grants, Awards & Scholarships	404,273	144,009	-	548,282	-	-	-	548,282
	588,461	200,249	387,403	1,176,113	-	-	-	1,176,113
<u>Allocated Costs:</u>								
Accounting & Banking Services	2,112	718	1,348	4,178	533	906	1,439	5,617
Salaries, Wages, Benefits & Taxes	507,917	172,879	324,493	1,005,289	128,329	218,055	346,384	1,351,673
Insurance	5,969	2,032	3,813	11,814	1,508	2,563	4,071	15,885
Office Supplies	6,948	2,365	4,439	13,752	1,755	2,983	4,738	18,490
Volunteer & Staff Support	2,861	974	1,828	5,663	723	1,228	1,951	7,614
Meetings & Conferences	7,790	2,651	4,977	15,418	1,968	3,344	5,312	20,730
Copying & Printing	11,542	3,928	7,374	22,844	2,916	4,955	7,871	30,715
Computer Services	25,486	8,675	16,282	50,443	6,439	10,942	17,381	67,824
Professional Services	7,500	2,553	4,791	14,844	1,895	3,220	5,115	19,959
Facility Operations	34,571	11,767	22,086	68,424	8,734	14,842	23,576	92,000
Depreciation	20,449	6,960	13,064	40,473	5,166	8,779	13,945	54,418
In-Kind (Administrative)	8,801	2,996	5,623	17,420	2,224	3,779	6,003	23,423
	641,946	218,498	410,118	1,270,562	162,190	275,596	437,786	1,708,348
Total Expenses	\$ 1,230,407	\$ 418,747	\$ 797,521	\$ 2,446,675	\$ 162,190	\$ 275,596	\$ 437,786	\$ 2,884,461

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 1,019,637	\$ 338,740
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	58,155	54,418
Realized net loss (gain) on endowment fund	15,396	(53,002)
Unrealized loss on endowment fund	18,976	40,743
(Increase) decrease in operating assets:		
Decrease in contributions receivable	336,130	23,977
Decrease (increase) in other prepaid expenses	4,324	(20,863)
Decrease (increase) in Florida Prepaid Scholarships	14,333	(8,924)
Increase (decrease) in operating liabilities:		
Increase in accounts payable and accrued expenses	<u>25,078</u>	<u>28,412</u>
Net Cash Provided By Operating Activities	<u>1,492,029</u>	<u>403,501</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of long-term certificate of deposit	(102,117)	-
Investment in endowment fund, net	(151,175)	(89,045)
Purchase of property and equipment	<u>(33,346)</u>	<u>(14,825)</u>
Net Cash (Used In) Investing Activities	<u>(286,638)</u>	<u>(103,870)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Borrowing from paycheck protection program loan	247,785	-
Principal payment on note payable	<u>(200,000)</u>	<u>(200,000)</u>
Net Cash Provided By (Used In) Financing Activities	<u>47,785</u>	<u>(200,000)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,253,176	99,631
Cash, cash equivalents, and restricted cash, Beginning of Year	<u>866,187</u>	<u>766,556</u>
Cash, cash equivalents, and restricted cash, End of Year	<u>\$ 2,119,363</u>	<u>\$ 866,187</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Interest paid	<u>\$ 6,251</u>	<u>\$ 16,170</u>

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

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING (the "Foundation") was incorporated on July 20, 1990 under the laws of Florida as a not-for-profit private foundation. The Foundation's mission is to create life-changing learning experiences for every student, with a vision of a community that is 100% engaged in support of student success. The primary sources of revenue are foundations, individual and corporate donors, and special events held in Collier County, Florida.

Program Services

The Foundation provides three primary program services, the main activities of which are summarized as follows:

Student Programs:

Student programs equip and prepare students for their future learning and career goals. More than 750 students (8th grade through college) are served directly through the programs of the Foundation. The Take Stock in Children Scholarship and Mentoring program and the Champions College & Career Prep program together provide students, primarily first-generation college students, opportunities to gain the skills to be successful in their post-high school education path and employability skills to ensure their success in the future. Additionally, the Foundation serves the broader community of students and families through programming open to the public, embedded within schools, and shared through partners impacting thousands of more students.

Teacher and Educator Programs:

Valuing, empowering and supporting teachers and principals to ensure the highest impact learning experiences for every child is fundamental to the mission of the Foundation. The Golden Apple Teacher Recognition program honors and highlights the best practices that are having a positive impact on student learning. The Classroom Grant program provides a way for teachers to gain support from the community for innovative ideas that will provide unique learning experiences for their students. These programs, along with peer-to-peer sharing and community-based learning are providing a teacher network framework in which 1000+ educators are engaged with the community through the Foundation.

Community Engagement:

Engaging and energizing our community in support of student success is a fundamental goal. There are many opportunities, such as Roundtables, through which the community comes together to support a culture of learning. Volunteer engagement is a key strategy and provides people with more than 950 volunteer experiences annually to support student and teacher success and organizational goals. The Foundation facilitates a collaborative network of more than 60 organizations working together to achieve community-wide goals to support the overall success of students and families, which has resulted in a 7% Free Application for Federal Student Aid completion increase countywide since 2016.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Method of Accounting

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Accounting Standard Updates

On June 3, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-05 which amended the effective dates of the revenue recognition and lease standards previously issued by FASB. The Board of FASB deferred the effective dates of these standards as a result of the effects and disruptions caused by coronavirus (COVID-19) pandemic. Accordingly, the Foundation opted to delay the adoption of these standards until the required effective dates presented in ASU 2020-05.

In November 2016, FASB issued Accounting Standards Update ASU 2016-18, Statement of Cash Flows (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard is effective for fiscal years beginning after December 15, 2018. The Foundation adopted this ASU during the year ended June 30, 2020, and applied it retrospectively.

Financial Statement Presentation

The Foundation presents information regarding its financial position and activities according to two classifications of net assets described as follows:

Net Assets Without Donor Restrictions

All resources over which the governing board has discretionary control. The governing board of the Foundation may elect to designate such resources for specific purposes (see Note 11). This designation may be removed at the Board's discretion.

Net Assets With Donor Restrictions

Resources accumulated through donations for specific operating or capital purposes. Such resources will become without donor restrictions when the requirements of the donor have been satisfied through expenditure for the specified purpose or program or through the passage of time. Some net assets with donor restrictions include endowment resources accumulated through donations that are subject to the restriction in perpetuity that the principal be invested. See Note 10 regarding the Foundation's net assets with donor restrictions at June 30, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation

As further described below, the Foundation, follows the Statement of Financial Accounting Standards for Not-for-Profit Entities. It requires not-for-profit organizations to distinguish between contributions received that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expired as mentioned earlier, and requires classification of net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions - be displayed in a Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in a Statements of Activities.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years, if any, are reported at the present value of the estimated cash flows, using risk-free interest rates applicable to the years in which the promises are to be received.

Cash Flows

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivables are stated at the amount management expects to collect from outstanding balances. The Foundation records contribution receivables when donors make promises to give money to the Foundation that are considered by management to be unconditional. Such receivables that are due to be paid within one year are recorded at their estimated net realizable values. Such receivables due to be paid after one year are recorded at their discounted net realizable values, using a risk-free interest rates for such purposes.

Generally accepted accounting principles (“GAAP”) require management to provide for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Based on prior experience and on the aforementioned assessment of the current status of individual pledges, management elected not to conform to GAAP guidelines. Alternatively, it is the Foundation's policy to utilize the direct write-off method and charge uncollectible pledges receivable to expense when management determines the pledge receivable will not be collected. Such policy does not significantly differ from GAAP. There were no pledges written off during fiscal 2020, and there were \$1,500 of pledges written off during the year ended June 30, 2019.

Investments

Investments are initially recorded at cost if purchased or, if donated, at fair market value on the date received. The Foundation carries investments at the fair value determined by the quoted market prices on the last day of the year. Investment income may be either without donor restrictions or with donor restrictions when earned, determined according to the donor's imposed restrictions. All interest income earned during the fiscal years end June 30, 2020 and 2019 were classified as without donor restrictions.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair market value at the time of contribution. Expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is primarily computed on a straight-line basis over the estimated useful lives of property and equipment generally as follows:

	<u>YEARS</u>
Building (1 st floor only)	39
Equipment	3
Furniture and fixtures	7
Musical instruments	7
Program fixtures	5
Software	5

Contributions

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation reports donations of cash contributions not given for a specific purpose by the donor as without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from satisfaction of purpose restriction. All such expirations for 2020 and 2019 were related to purpose restrictions being accomplished. Contributions received that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

In-Kind Contributions

In-kind contributions represent the fair market values for goods and services provided for the Foundation. Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. These contributions are included in the Statements of Activities under the caption labeled "in-kind contributions."

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The costs of providing various programs and other activities have been summarized on the statements of functional expenses. Direct costs are charged directly to the programs benefited. Costs that related to both programs and supporting services were allocated based on an allocation of time spent by employees across programs and supporting services. The calculation of the employee's time was determined on a reasonable and consistent basis for each employee as determined by Foundation's key management.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
(D/B/A CHAMPIONS FOR LEARNING)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes

The Foundation is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, and similar state Code. As such, only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to federal income tax. Management is not aware of any activities that could jeopardize the Foundation's tax-exempt status. The Foundation has evaluated its tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustments to the financial statements. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management's Review

In preparing the audited financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 7, 2020, the date which the audited financial statements were available to be issued. The following subsequent was identified:

The outbreak of the coronavirus (COVID-19) has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Certain services and events of the Foundation were subject to closure or substantially modified operations. At this time, neither the duration nor scope of the modified operations can be predicted, and the potential negative financial impact, if any, to the Foundation's financial results or financial condition cannot be reasonably estimated.

NOTE 2 - CASH, CASH EQUIVALENTS, RESTRICTED CASH AND CERTIFICATES OF DEPOSIT

The Foundation maintains its cash at various financial institutions located in Naples, Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Cash and cash equivalents of the Foundation exceeded the insured limit by approximately \$704,000 and \$397,000 as of June 30, 2020 and June 30, 2019, respectively. The Foundation believes it is not exposed to any significant risk on bank deposit accounts. Cash, cash equivalents, and restricted cash consisted of bank deposit, certificates of deposit, and money market accounts at June 30, 2020 and 2019, respectively. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the amounts shown in the statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,172,995	\$ 452,276
Restricted cash (with donor restrictions)	<u>946,368</u>	<u>413,911</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 2,119,363</u>	<u>\$ 866,187</u>

As of June 30, 2020, the Foundation has five certificates of deposits with values totaling approximately 204,000 with various interest rates up to 2.42% and maturity dates through August 2021. As of June 30, 2019, the Foundation had three certificates of deposit with values totaling approximately \$76,000, with various interest rates up to 1.83% and maturity dates through September 2019. The Foundation's intent is to renew these certificates of deposit upon maturity.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

**NOTE 2 - CASH, CASH EQUIVALENTS, RESTRICTED CASH AND CERTIFICATES OF DEPOSIT
(Continued)**

As of June 30, 2020, certificates of deposit are presented as cash equivalents on the Statements of Financial Position at cost plus interest except for the long-term certificate of deposit of \$102,117 which is expected to mature in 2021. There were no long-term certificates of deposit as of June 30, 2019, and consequently all certificates of deposit were presented as cash equivalents.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivables at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Without Donor Restrictions:		
Due within one year	\$ 215,841	\$ 306,971
Total contributions receivable – without donor restrictions	<u>215,841</u>	<u>306,971</u>
With Donor Restrictions:		
Due within one year	<u>30,000</u>	<u>275,000</u>
Total contributions receivable – with donor restrictions	<u>30,000</u>	<u>275,000</u>
Total contributions receivable	<u>\$ 245,841</u>	<u>\$ 581,971</u>

For the year ended June 30, 2019, the majority of the pledge commitments were related to the funding for the purchase of the building (1st floor only) containing the office space that the Foundation uses for its operations. Two (2) individuals pledged to give the Foundation \$500,000 each to assist in the purchase of the building (1st floor only) in 2016. Each individual pledged to give \$100,000 in annual installments commencing on March 1, 2016 and concluding on March 1, 2020. Funds from the donors were restricted for the purpose of paying the required annual debt principal amount of \$200,000 due on March 1st each year (see Note 9). The Foundation received \$100,000 from each of these donors during the 2019 fiscal year. The pledges of \$200,000 remaining as of June 30, 2019 were paid in fiscal 2020 and were used to pay off the related debt (Note 9).

NOTE 4 - PREPAID SCHOLARSHIPS

The Foundation has purchased college scholarship contracts from the Florida Prepaid College Foundation ("FPCF"), an agency of the State of Florida, for its use in paying for college or technical school tuition for deserving students. When the Foundation purchased these contracts in 2020 and 2019, the FPCF matched 100% of the amount the Foundation paid for the scholarships. The cost of the contracts is initially recorded as prepaid scholarships and the Foundation has elected to increase that amount by the amount of the state match, with the corresponding credit being recorded as contribution income.

At the end of each fiscal year, the FPCF submits a report to the Foundation that show its valuation of the Foundation's unused and partially used contracts, which it values based on the current rate of tuition at state colleges. The Foundation has elected to record the effect of those increases/(decreases) as an increase/(decreases) in its prepaid scholarships.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PREPAID SCHOLARSHIPS (Continued)

The Foundation records its annual scholarship usage expense and the annual appreciation in the aggregate value of its scholarships used in that year and unused scholarship contracts at the end of the year as one net expense amount in its Statements of Activities. The total value of the Foundation's unused contracts as of June 30, 2020 and 2019 totaled \$3,934,871 and \$3,949,204, respectively.

The changes in the prepaid scholarship account during 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance, prepaid scholarships	\$ 3,949,204	\$ 3,940,280
Purchase of scholarship contracts	257,549	261,347
FPCF match	260,585	268,614
Usage less appreciation of used and unused contracts	<u>(532,467)</u>	<u>(521,037)</u>
Net (decrease) increase in prepaid scholarships	<u>(14,333)</u>	<u>8,924</u>
Ending balance, prepaid scholarships	<u>\$ 3,934,871</u>	<u>\$ 3,949,204</u>

NOTE 5 - ENDOWMENT FUND

On July 23, 2013, the Foundation established an Endowment Fund, known as the "Champions for Learning Endowment Fund" ("Fund"), in the initial amount of \$183,463 with the Community Foundation of Collier County from monies received from donors. The Foundation is the beneficiary of this fund and the invested funds generate gains and/or losses. The Foundation may also receive distributions of income, subject to the Community Foundation of Collier County's spending policy. The endowment balance as of June 30, 2020 and 2019 was \$803,963 and \$687,160, respectively. The Fund is reported at fair value and consists of primarily mutual funds and fixed income investments. Currently, the investment policy is to invest with the Community Foundation of Collier County. The changes in endowment fund as of and for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Endowment fund, beginning balance	\$ 687,160	\$ 585,856
Contributions	140,000	80,000
Realized (losses) gains	(15,396)	53,002
Unrealized (losses)	(18,976)	(40,742)
Interest and dividends	18,069	14,788
Administrative fees	<u>(6,894)</u>	<u>(5,744)</u>
Endowment fund, ending balance	<u>\$ 803,963</u>	<u>\$ 687,160</u>

In addition, the net asset balances of the endowment fund at June 30, 2020 and 2019 consisted of the following:

Endowment – without donor restrictions	\$ 69,387	\$ 42,808
Endowment – with donor restrictions	<u>734,576</u>	<u>644,352</u>
Total endowment net assets	<u>\$ 803,963</u>	<u>\$ 687,160</u>

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LUCIE JENNY MACCARTHY AND CHUCK MOHLKE FUND

In 1999, the Community Foundation of Collier County received a gift from the Lucie Jenny MacCarthy Charitable Remainder Unitrust that is held and owned by Community Foundation of Collier County. It was the wish of the donor that the funds be used by the Foundation to support and enhance music education in the Collier County public school system. However, the ultimate authority over the distribution of the funds was left with the Board of Trustees of the Community Foundation of Collier County. The balance at the Community Foundation at June 30, 2020 and 2019 is not reflected in the accompanying financial statements. During 2020 and 2019, the Foundation received grants totaling \$22,663, respectively, which were recorded as net assets with donor restrictions until the satisfaction of restriction is met. Total remaining funds received and unspent at June 30, 2020 and 2019 was \$31,509 and \$14,470, respectively.

In addition, the Community Foundation of Collier County holds the Chuck Mohlke fund in which its interest and dividend income are available for distribution to the Foundation.

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Building (first floor only)	\$ 1,533,386	\$ 1,533,386
Furniture and fixtures	46,716	46,707
Equipment	88,365	70,572
Musical instruments	9,085	9,085
Program fixtures	63,000	63,000
Software	<u>25,833</u>	<u>25,833</u>
Property and equipment cost	1,766,385	1,748,583
Less: accumulated depreciation	<u>(333,276)</u>	<u>(283,165)</u>
Total depreciable property and equipment, net	1,433,109	1,465,418
Construction in progress	<u>7,500</u>	<u>-</u>
Property and equipment, net	<u>\$ 1,440,609</u>	<u>\$ 1,465,418</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$58,155 and \$54,418, respectively.

On February 29, 2016, the Foundation entered a financing agreement for the purchase of their office space on the first floor of the building located in Naples, Florida. The amount of the original note payable was \$900,000 (with an initial \$100,000 principal payment in 2016), and the Foundation made principal payments of \$200,000 during 2020 and 2019, respectively. The remaining note balance of \$200,000 and all interest and fees incurred were paid upon maturity during 2020 (see Note 9).

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 8,139	\$ 26,308
Accrued payroll	44,437	-
Accrued expenses and other	<u>57,000</u>	<u>58,190</u>
Total accounts payable and other accrued expenses	<u>\$ 109,576</u>	<u>\$ 84,498</u>

NOTE 9 - NOTE PAYABLE AND PAYCHECK PROTECTION LOAN

Note Payable:

Note payable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Note payable to The Northern Trust Company, secured by pledges of donations, variable interest rate of overnight Libor plus 2% (4.370% at June 30, 2019), commenced on February 29, 2016; matured on March 1, 2020.	<u>\$ -</u>	<u>\$ 200,000</u>

Total interest costs incurred and paid in 2020 and 2019 was \$6,251 and \$16,170, respectively. The final principal payment and incurred interest on the note payable was made upon maturity in 2020. The Foundation was in compliance with all its debt covenants at June 30, 2019.

Paycheck Protection Loan:

During fiscal 2020, a health care pandemic, coronavirus (“COVID-19”), has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. The Foundation has taken measures to protect its employee, as well as potential visitors during this time, including the suspension and closure of certain operations.

As a result of the pandemic, the government signed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act supports certain employers that operated a business during 2020 and retained employees, despite experiencing economic hardship related to COVID-19, with the opportunity to apply for a specific Paycheck Protection Program loan (“PPP” loan) administered through the Small Business Administration (“SBA”). The Foundation applied for and received PPP loan funding totaling \$247,785 on April 30, 2020. The terms of this loan provide interest calculated at a rate of 1% and a two-year repayment schedule (final payment due on April 30, 2022) with deferment of any payments owed on the loan for the first 6 months following receipt of the loan proceeds.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NOTE PAYABLE AND PAYCHECK PROTECTION LOAN - (Continued)

This loan is secured by the property and assets of the Foundation. Further, the provisions of the PPP loan provide for potential forgiveness of all or a portion of this loan if the Foundation can demonstrate that it used the funds for payroll and other specific expenses as defined by the PPP loan program. If the loan is either partially or fully forgiven, the amount of the loan forgiven will be recorded as contributions income when such forgiveness is received. However, the Foundation has not formally applied for nor received such loan forgiveness as of the date that the audited financial statements were available to be issued. Therefore, the full amount of the PPP loan has been included as an outstanding loan on the statements of financial position as of June 30, 2020.

Future minimum required principal payments on the PPP loan as of June 30, 2020 are as follows:

<u>YEARS ENDING JUNE 30</u>	<u>AMOUNT</u>
2021	\$ 110,223
2022	<u>137,562</u>
Total PPP Loan Payable	<u>\$ 247,785</u>

No interest expense of significance was incurred or paid on this PPP loan for the year ended June 30, 2020.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Florida Prepaid Scholarships (Note 4)	\$ 3,934,871	\$ 3,949,204
Building pledge commitments (Note 3)	-	200,000
Take Stock in Children Scholarships	8,220	-
Lucie Jenny MacCarthy Fund (Note 6)	31,509	14,470
Women in Naples Giving Support (WINGS)	261,938	166,649
Building reserve for future repair/replacement	40,000	40,000
Building / Capital	48,064	13,064
Endowment - Operating	603,826	513,602
Endowment - Scholarships	130,750	130,750
Teacher based grants	65,375	61,252
School based grants	52,941	48,191
Other scholarships and grants	<u>468,321</u>	<u>145,285</u>
Total net assets with donor restrictions	<u>\$ 5,645,815</u>	<u>\$ 5,282,467</u>

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Distribution of funds for Educator Programs	\$ 147,654	\$ 144,009
Distribution of funds for Take Stock in Children	257,549	265,420
Distribution of funds for Grants, Scholarships and other	139,488	160,772
Distribution of funds for Building and other costs	<u>207,500</u>	<u>207,048</u>
Total satisfaction of purpose restrictions	<u>\$ 752,191</u>	<u>\$ 777,249</u>

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATED

The Foundation's Board of Directors has designated \$125,000 as a liquidity reserve from net assets without donor restrictions.

In fiscal 2020, the Foundation received approximately \$375,000 from a trust in which they were the 100% beneficiary. During the June 2020 meeting, the Board of Directors approved to designate \$300,000 for operating reserves and \$75,000 for building reserves.

NOTE 12 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has ability to access and have the highest priority.

Level 2 - Inputs that include quoted prices for similar (but not exact) assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement and have the lowest priority.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 12 - FAIR VALUE MEASUREMENTS (Continued)

Investments for which fair value are measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. This was reflected by the Foundation since the Pooled Funds of the Community Foundation of Collier County included investments measured at net asset value. These investments have been reflected in the disclosures as noted in the reconciliation below.

Consequently, the following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2020 and 2019:

June 30, 2020

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	\$ 735,305	\$ 735,305	\$ -	\$ -

The total value of the endowment held in the Community Foundation at June 30, 2020 is as followed:

Total investments measured at fair value	\$ 735,305
Total investments measured at net asset value	<u>68,658</u>
Balance, June 30, 2020 (Note 5)	<u>\$ 803,963</u>

June 30, 2019

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	\$ 627,789	\$ 627,789	\$ -	\$ -

The total value of the endowment held in the Community Foundation at June 30, 2019 is as followed:

Total investments measured at fair value	\$ 627,789
Total investments measured at net asset value	<u>59,371</u>
Balance, June 30, 2019 (Note 5)	<u>\$ 687,160</u>

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

Balance, June 30, 2018	\$ 47,454
Reclassifications of category during the year	<u>(47,454)</u>
Balance, June 30, 2019	<u>\$ -</u>

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 13 - COMMITMENTS

Operating Lease:

The Foundation leases a copier at \$1,036 per month with the lease expiring in January 2021. Copier lease expense for the years ended June 30, 2020 and 2019 totaled \$19,464 and \$17,172, respectively.

Minimum future annual base lease payments are as follows:

<u>June 30,</u> 2021	<u>\$ 8,832</u>
	<u><u>\$ 8,832</u></u>

Consulting Agreement:

In May 2019, the Foundation entered into a consulting agreement with Paul Bussmann, LLC to provide services to create communication and messaging products to foster greater understanding and support for the Foundation's vision and mission. The services began in 2019, and are provided throughout each respective fiscal year. The Foundation accrued approximately \$49,000 and \$54,000 (Note 8) related to this agreement for the years ended June 30, 2020 and 2019, respectively.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation is primarily funded by contributions from donors which are either with or without donor restrictions. Contributions with donor restrictions require that those resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

The table below presents the Foundation's financial assets as of June 30, 2020 and 2019, reduced by amounts which are not available for general use due to contractual or donor-imposed restrictions. Amounts that are not available also include Board of Directors designated funds which could be utilized if the Board of Directors approved the use.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Financial assets, at June 30, 2020:	
Cash and cash equivalents	\$ 2,119,363
Contributions receivable	245,841
Certificate of deposit	102,117
Prepaid scholarships	3,934,871
Endowment fund	803,963
Less those unavailable for general expenditures within one-year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(5,645,815)
Accounts payable and accrued expenses	(109,576)
Board of Directors designations:	
Amounts set aside by the Board of Directors for designated operating and building reserve	(375,000)
Amounts set aside by the Board of Directors for designated reserve	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 950,764*</u>
Financial assets, at June 30, 2019:	
Cash and cash equivalents	\$ 866,187
Contributions receivable	581,971
Prepaid scholarships	3,949,204
Endowment fund	687,160
Less those unavailable for general expenditures within one-year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(5,282,467)
Accounts payable and accrued expenses	(84,498)
Board of Directors designations:	
Amounts set aside by the Board of Directors for designated reserve	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 592,557</u>

*The financial assets available to meet cash needs for general expenditures within one year as of June 30, 2020 does not include any potential repayment of the PPP loan as that amount cannot be determined, if any (see Note 9).

In addition, the Board of Directors designated reserves are available as a liquid reserve in the event of an unanticipated liquidity need.