

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

FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

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

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JUNE 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

December 30, 2021

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, 2021 and 2020, 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)
December 30, 2021

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, 2021 and 2020, 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, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,039,307	\$ 2,119,363
Contributions receivable (Note 3)	469,408	245,841
Prepaid expenses and other	20,537	23,056
Certificate of deposit (Note 2)	103,989	102,117
Prepaid scholarships (Note 4)	3,857,241	3,934,871
Endowment Fund (Notes 5 and 12)	1,036,741	803,963
Property and equipment, net (Note 7)	<u>2,007,807</u>	<u>1,440,609</u>
Total Assets	<u>\$ 9,535,030</u>	<u>\$ 8,669,820</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses (Note 8)	\$ 105,077	\$ 109,576
Paycheck Protection Program loan (Note 9)	<u>-</u>	<u>247,785</u>
Total Liabilities	<u>105,077</u>	<u>357,361</u>
Net Assets:		
Without donor restrictions:		
Undesignated	1,301,374	726,035
Investment in property and equipment	2,007,807	1,440,609
Designated (Note 11)	<u>500,000</u>	<u>500,000</u>
	3,809,181	2,666,644
With donor restrictions (Note 10)	<u>5,620,772</u>	<u>5,645,815</u>
Total Net Assets	<u>9,429,953</u>	<u>8,312,459</u>
Total Liabilities and Net Assets	<u>\$ 9,535,030</u>	<u>\$ 8,669,820</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, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenues:		
Donations and grants	\$ 1,992,286	\$ 2,126,345
In-kind contributions	400,104	433,256
Special events, net of costs of \$261,720 and \$376,043, respectively (includes equal in-kind revenue and in-kind expense)	346,672	385,768
Paycheck Protection Program loan forgiveness	247,785	-
Interest income and other, net of unrealized (losses) and gains	220,457	(9,585)
	<u>3,207,304</u>	<u>2,935,784</u>
Net assets released from restrictions:		
Satisfaction of purpose restrictions (Note 10)	<u>1,173,285</u>	<u>752,191</u>
Total Support and Revenues Without Donor Restrictions	<u>4,380,589</u>	<u>3,687,975</u>
Expenses:		
Program Services:		
Student	1,412,396	1,368,569
Teacher and educator	657,446	477,072
Community engagement	596,546	705,465
Total Program Services	<u>2,666,388</u>	<u>2,551,106</u>
Supporting Services:		
General and administrative	231,724	185,308
Fundraising	339,940	295,272
Total Supporting Services	<u>571,664</u>	<u>480,580</u>
Total Expenses	<u>3,238,052</u>	<u>3,031,686</u>
Increase in Net Assets without Donor Restrictions	1,142,537	656,289
Net Assets Without Donor Restrictions, Beginning of Year	<u>2,666,644</u>	<u>2,010,355</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 3,809,181</u>	<u>\$ 2,666,644</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, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Donations and grants	\$ 997,398	\$ 574,562
Florida prepaid scholarships	228,473	555,310
Plus: (Depreciation) appreciation, net of usage, of the Florida Prepaid Scholarships (Note 4)	(77,629)	(14,333)
Less: Satisfaction of purpose restrictions (Note 10)	<u>(1,173,285)</u>	<u>(752,191)</u>
(Decrease) Increase in Net Assets With Donor Restrictions	(25,043)	363,348
Net Assets With Donor Restrictions, Beginning of Year	<u>5,645,815</u>	<u>5,282,467</u>
Net Assets With Donor Restrictions, End of Year	<u><u>\$ 5,620,772</u></u>	<u><u>\$ 5,645,815</u></u>
CHANGES IN TOTAL NET ASSETS:		
Net Assets, Beginning of Year	\$ 8,312,459	\$ 7,292,822
Increase in Net Assets	<u>1,117,494</u>	<u>1,019,637</u>
Net Assets, End of Year	<u><u>\$ 9,429,953</u></u>	<u><u>\$ 8,312,459</u></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 FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services			Totals
	Student	Teachers & Educator	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2021
Direct Program Costs:								
Materials	\$ 35,289	\$ 183,673	\$ 98,913	\$ 317,875	\$ -	\$ -	\$ -	\$ 317,875
Future Ready Collier (Consulting)	-	-	58,378	58,378	-	-	-	58,378
In-Kind (Program)	267,149	-	96,193	363,342	-	-	-	363,342
Grants, Awards & Scholarships	314,877	151,517	5,853	472,247	-	-	-	472,247
	617,315	335,190	259,337	1,211,842	-	-	-	1,211,842
Allocated Costs:								
Accounting & Banking Services	2,259	916	958	4,133	1,785	966	2,751	6,884
Salaries, Wages, Benefits & Taxes	616,807	249,999	261,599	1,128,405	178,891	263,718	442,609	1,571,014
Insurance	7,028	2,849	2,981	12,858	2,038	3,005	5,043	17,901
Office Supplies	8,512	3,450	3,610	15,572	2,468	3,639	6,107	21,679
Volunteer & Staff Support	3,213	1,302	1,363	5,878	932	1,374	2,306	8,184
Meetings & Conferences	7,560	3,064	3,206	13,830	2,193	3,232	5,425	19,255
Copying & Printing	9,148	3,708	3,880	16,736	2,653	3,911	6,564	23,300
Computer Services	31,088	12,600	13,185	56,873	9,016	13,292	22,308	79,181
Professional Services	52,501	21,279	22,267	96,047	15,227	22,447	37,674	133,721
Facility Operations	29,949	12,139	12,702	54,790	8,686	12,805	21,491	76,281
Depreciation	23,439	9,500	9,941	42,880	6,798	10,022	16,820	59,700
In-Kind (Administrative)	3,577	1,450	1,517	6,544	1,037	1,529	2,566	9,110
	795,081	322,256	337,209	1,454,546	231,724	339,940	571,664	2,026,210
Total Expenses	\$ 1,412,396	\$ 657,446	\$ 596,546	\$ 2,666,388	\$ 231,724	\$ 339,940	\$ 571,664	\$ 3,238,052

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	Teachers & Educator	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2020
Direct Program Costs:								
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
Allocated Costs:								
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 CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,117,494	\$ 1,019,637
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributions restricted for innovation lab	(592,074)	(42,500)
Forgiveness on Paycheck Protection Program loan	(247,785)	-
Depreciation expense	59,700	58,155
Realized (gain) loss on endowment fund	(9,550)	15,396
Unrealized (gain) loss on endowment fund	(194,268)	18,976
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Contributions receivable	76,433	336,130
Other prepaid expenses	2,519	4,324
Florida Prepaid Scholarships	77,630	14,333
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(15,910)	25,078
Net Cash Provided By Operating Activities	<u>274,189</u>	<u>1,449,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term certificate of deposit	(103,989)	(102,117)
Redemption of long-term certificate of deposit	102,117	-
Investment in endowment fund, net	(28,960)	(151,175)
Increase in construction in progress (innovation lab)	(610,783)	(7,500)
Purchase of equipment	(4,704)	(25,846)
Net Cash (Used In) Investing Activities	<u>(646,319)</u>	<u>(286,638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash collected from donors for innovation lab	292,074	42,500
Borrowing from paycheck protection program loan	-	247,785
Principal payment on note payable	-	(200,000)
Net Cash Provided By Financing Activities	<u>292,074</u>	<u>90,285</u>
(Decrease) increase in cash and cash equivalents	(80,056)	1,253,176
Cash and cash equivalents, beginning of the year	<u>2,119,363</u>	<u>866,187</u>
Cash and cash equivalents, end of the year	<u>\$ 2,039,307</u>	<u>\$ 2,119,363</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ -</u>	<u>\$ 6,251</u>
Non-cash contribution receivable - with donor restriction (innovation lab)	<u>\$ 300,000</u>	<u>\$ -</u>
Noncash Investing Activities		
Acquisition of construction in progress through accounts payable	<u>\$ 11,411</u>	<u>\$ -</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 from 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 Update

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, 2021 and 2020, 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 the 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 rate 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 has not significantly differed from GAAP. There were no pledges written off during fiscal 2021 and 2020, respectively.

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 investment income earned during the fiscal years end June 30, 2021 and 2020 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 2021 and 2020 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 employees' time was determined on a reasonable and consistent basis for each employee as determined by the 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 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain reclassifications have been made to the prior year audited financial statements in order for them to be in conformity with current year presentation.

Date of Management's Review

In preparing the audited financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 30, 2021, the date which the audited financial statements were available to be issued. No subsequent events were identified requiring disclosure.

NOTE 2 - CASH AND CASH EQUIVALENTS 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 \$15,000 and \$704,000 as of June 30, 2021 and June 30, 2020, respectively. The Foundation believes it is not exposed to any significant risk on bank deposit accounts. Cash and cash equivalents consisted of bank deposit, certificates of deposit, insured cash sweep, and money market accounts at June 30, 2021 and 2020, respectively. The following table provides a reconciliation of cash and cash equivalents without and with donor restrictions that is reported within the statements of financial position that sum to the amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (without donor restrictions)	\$ 1,017,352	\$ 1,172,995
Cash and cash equivalents (with donor restrictions)	<u>1,021,955</u>	<u>946,368</u>
Total cash and cash equivalents shown in the statements of cash flows	<u>\$ 2,039,307</u>	<u>\$ 2,119,363</u>

As of June 30, 2021, the Foundation has one certificate of deposit with a value totaling to approximately \$104,000 with an interest rate of .55% maturing in August 2023. As of June 30, 2020, the Foundation had 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, 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 matured in 2021. 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 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivables at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions:		
Due within one year	\$ 169,408	\$ 215,841
Total contributions receivable – without donor restrictions	<u>169,408</u>	<u>215,841</u>
With Donor Restrictions:		
Due within one year	<u>300,000</u>	<u>30,000</u>
Total contributions receivable – with donor restrictions	<u>300,000</u>	<u>30,000</u>
Total contributions receivable	<u>\$ 469,408</u>	<u>\$ 245,841</u>

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 2021 and 2020, 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 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, 2021 and 2020 totaled \$3,857,241 and \$3,934,871, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PREPAID SCHOLARSHIPS (Continued)

The changes in the prepaid scholarship account during 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance, prepaid scholarships	\$ 3,934,871	\$ 3,949,204
Purchase of scholarship contracts	252,037	260,585
FPCF match	252,037	260,585
Usage less appreciation of used and unused contracts	<u>(581,704)</u>	<u>(535,503)</u>
Net (decrease) increase in prepaid scholarships	<u>(77,630)</u>	<u>(14,333)</u>
Ending balance, prepaid scholarships	<u>\$ 3,857,241</u>	<u>\$ 3,934,871</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, 2021 and 2020 was \$1,036,741 and \$803,963, respectively. The Fund is reported at fair value and consists of primarily equities, mutual funds, and fixed income investments which totals to approximately 82% and 77% of the total endowment fund investment allocation as of June 30, 2021 and 2020, respectively.

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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Endowment fund, beginning balance	\$ 803,963	\$ 687,160
Contributions	19,398	140,000
Realized gains (losses)	9,550	(15,396)
Unrealized gains (losses)	194,268	(18,976)
Interest and dividends	18,865	18,069
Administrative fees	<u>(9,303)</u>	<u>(6,894)</u>
Endowment fund, ending balance	<u>\$ 1,036,741</u>	<u>\$ 803,963</u>

In addition, the net asset balances of the endowment fund at June 30, 2021 and 2020 consisted of the following:

Endowment – without donor restrictions	\$ 295,166	\$ 69,387
Endowment – with donor restrictions	<u>741,575</u>	<u>734,576</u>
Total endowment net assets	<u>\$ 1,036,741</u>	<u>\$ 803,963</u>

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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, 2021 and 2020 is not reflected in the accompanying financial statements. During 2021 and 2020, the Foundation received a grant totaling \$22,358 and \$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, 2021 and 2020 was \$47,289 and \$31,509, 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, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Building (first floor only)	\$ 1,533,386	\$ 1,533,386
Furniture and fixtures	49,338	46,716
Equipment	90,447	88,365
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	1,771,089	1,766,385
Less: accumulated depreciation	<u>(392,976)</u>	<u>(333,276)</u>
	1,378,113	1,433,109
Construction in progress	<u>629,694</u>	<u>7,500</u>
Property and equipment, net	<u>\$ 2,007,807</u>	<u>\$ 1,440,609</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$59,700 and \$58,155, respectively.

The amounts in construction in progress of \$629,694 and \$7,500 as of June 30, 2021 and 2020, respectively, are related to the Foundation's innovation lab project. This project was completed subsequent to year-end.

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NOTES TO FINANCIAL STATEMENTS

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 44,077	\$ 8,139
Accrued payroll	-	44,437
Accrued expenses and other	<u>61,000</u>	<u>57,000</u>
Total accounts payable and other accrued expenses	<u>\$ 105,077</u>	<u>\$ 109,576</u>

There was no accrued payroll as of June 30, 2021 since payroll was processed and paid prior to year-end.

NOTE 9 - NOTE PAYABLE AND PAYCHECK PROTECTION LOAN

Note Payable:

The Foundation's note payable to the Northern Trust Company matured on March 1, 2020. Total interest costs incurred and paid in 2020 was \$6,251. The final principal payment and incurred interest on the note payable was made upon maturity in 2020.

Paycheck Protection Loan:

During fiscal 2020, a health care pandemic, coronavirus ("COVID-19"), occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments enacted various policies to curtail group gatherings until the risk diminished. The Foundation took 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 six months following receipt of the loan proceeds.

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. According to the SBA's website, PPP loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs

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NOTES TO FINANCIAL STATEMENTS

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

The Foundation applied for and received full forgiveness of this PPP loan from the SBA effective February 19, 2021. In accordance According to FASB ASC 958, conditional contributions would be recognized once the conditions of release have been substantially met or explicitly waived (i.e. the receipt of “full forgiveness of the loan”). As a result, the PPP loan amount received of \$247,785 by the Foundation was recognized as a contribution in the statements of activities for the year ended June 30, 2021. The Foundation recognized the PPP loan as an outstanding loan in the statements of financial position as of June 30, 2020 as loan forgiveness was not received until fiscal 2021.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Florida Prepaid Scholarships (Note 4)	\$ 3,857,241	\$ 3,934,871
Scholarships	39,799	8,220
Lucie Jenny MacCarthy Fund (Note 6)	47,289	31,509
Women in Naples Giving Support (WINGS)	251,486	261,938
Building reserve for future repair/replacement	40,000	40,000
Building / Capital	58,579	48,064
Endowment - Operating	610,826	603,826
Endowment - Scholarships	130,750	130,750
Teacher based grants	59,896	65,375
School based grants	96,079	52,941
Other scholarships and grants	<u>428,827</u>	<u>468,321</u>
Total net assets with donor restrictions	<u>\$ 5,620,772</u>	<u>\$ 5,645,815</u>

During 2021 and 2020, 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>2021</u>	<u>2020</u>
Distribution of funds for Educator Programs	\$ 151,517	\$ 147,654
Distribution of funds for Florida Prepaid Scholarships	237,377	257,549
Distribution of funds for Grants, Scholarships and other	205,896	139,488
Distribution of funds for Building and other costs	<u>578,495</u>	<u>207,500</u>
Total satisfaction of purpose restrictions	<u>\$ 1,173,285</u>	<u>\$ 752,191</u>

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

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.

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 - FAIR VALUE MEASUREMENTS (Continued)

Consequently, the following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

June 30, 2021

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	\$ 945,715	\$ 945,715	\$ -	\$ -

The total value of the endowment held in the Community Foundation at June 30, 2021 is as followed:

Total investments measured at fair value	\$ 945,715
Total investments measured at net asset value	<u>91,026</u>
Balance, June 30, 2021 (Note 5)	<u>\$ 1,036,741</u>

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>

NOTE 13 - COMMITMENTS

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 \$61,000 and \$49,000 (Note 8) related to this agreement for the years ended June 30, 2021 and 2020, respectively.

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NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, 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.

Financial assets, at June 30, 2021:

Cash and cash equivalents	\$ 2,039,303
Contributions receivable	469,408
Certificate of deposit	103,993
Prepaid scholarships	3,857,241
Endowment fund	1,036,741

Less those unavailable for general expenditures within one-year due to:

Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(5,620,772)
Accounts payable and accrued expenses	(105,077)
Board of Directors designations:	
Board designated funds for operating, designated, and building reserves	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,280,837</u>

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:	
Board designated funds for operating, designated, and building reserves	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 950,764</u>

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