

MONROE COUNTY EDUCATION FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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**MONROE COUNTY EDUCATION FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Monroe County Education Foundation, Inc.
Key West, Florida

We have audited the accompanying financial statements of Monroe County Education Foundation, Inc. (the Foundation) (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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 entity'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 entity'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 and Management
Monroe County Education Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe County Education Foundation, Inc. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
October 21, 2021

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 860,082	\$ 126,287
Grant Receivables	55,662	182,571
Investments	7,360	167,286
Total Current Assets	923,104	476,144
NONCURRENT ASSETS		
Prepaid Scholarships and Local Fee Plans	11,332,779	12,116,896
Prepaid Dormitory Plans	1,945,687	2,115,408
Total Noncurrent Assets	13,278,466	14,232,304
Total Assets	\$ 14,201,570	\$ 14,708,448
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,125	\$ 45,124
NET ASSETS		
Without Donor Restrictions:		
Undesignated	57,905	17,667
With Donor Restrictions:		
Purpose Restrictions	14,139,540	14,645,657
Total Net Assets	14,197,445	14,663,324
Total Liabilities and Net Assets	\$ 14,201,570	\$ 14,708,448

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS			
Public Support and Revenue:			
Contributions and Grants	\$ -	\$ 761,408	\$ 761,408
Donated Services, Materials, and Facilities	-	285,429	285,429
Unrealized Loss on Prepaid Scholarships	-	(65,839)	(65,839)
COVID-19 Relief Fund	-	1,400	1,400
Miscellaneous	40,239	39,802	80,041
Investment Income	-	437	437
Net Assets Released from Restrictions	1,528,754	(1,528,754)	-
Total Public Support and Revenue	1,568,993	(506,117)	1,062,876
OPERATING EXPENSES			
Take Stock in Children	1,482,299	-	1,482,299
College Readiness	45,056	-	45,056
COVID-19 Relief Fund	1,400	-	1,400
Total Operating Expenses	1,528,755	-	1,528,755
CHANGE IN NET ASSETS	40,238	(506,117)	(465,879)
Net Assets - Beginning of Year	17,667	14,645,657	14,663,324
NET ASSETS - END OF YEAR	\$ 57,905	\$ 14,139,540	\$ 14,197,445

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support and Revenue:			
Contributions and Grants	\$ -	\$ 2,727,503	\$ 2,727,503
Donated Services, Materials, and Facilities	-	232,938	232,938
Unrealized Loss on Prepaid Scholarships	-	(84,151)	(84,151)
COVID-19 Relief Fund	-	27,800	27,800
Miscellaneous	13,408	9,596	23,004
Investment Income	-	3,812	3,812
Net Assets Released from Restrictions	<u>1,573,208</u>	<u>(1,573,208)</u>	<u>-</u>
Total Public Support and Revenue	1,586,616	1,344,290	2,930,906
OPERATING EXPENSES			
Take Stock in Children	1,498,513	-	1,498,513
College Readiness	46,895	-	46,895
COVID-19 Relief Fund	<u>27,800</u>	<u>-</u>	<u>27,800</u>
Total Operating Expenses	1,573,208	-	1,573,208
CHANGE IN NET ASSETS	13,408	1,344,290	1,357,698
Net Assets - Beginning of Year	<u>4,259</u>	<u>13,301,367</u>	<u>13,305,626</u>
NET ASSETS - END OF YEAR	<u>\$ 17,667</u>	<u>\$ 14,645,657</u>	<u>\$ 14,663,324</u>

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Management and General	Total
	Take Stock in Children	College Readiness	COVID-19 Relief Fund		
Scholarships and Local Fee Plans	\$ 1,009,642	\$ -	\$ -	\$ -	\$ 1,009,642
Personnel Expenses, Including In-Kind of \$280,916 and State Assistance of \$127,182	408,098	-	-	-	408,098
College Readiness Projects	-	45,056	-	-	45,056
Grant assistance	-	-	1,400	-	1,400
Office Expense	18,088	-	-	-	18,088
Professional Fees	14,538	-	-	-	14,538
Advertising	18,398	-	-	-	18,398
Rent Expense In-Kind	4,513	-	-	-	4,513
Miscellaneous	1,006	-	-	-	1,006
Training and Event Materials	8,016	-	-	-	8,016
Total	<u>\$ 1,482,299</u>	<u>\$ 45,056</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 1,528,755</u>

* Total in-kind expenditures equal \$285,429 from Monroe County School District supporting personnel expenses and rent expense.

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Management and General	Total
	Take Stock in Children	College Readiness	COVID-19 Relief Fund		
Scholarships and Local Fee Plans	\$ 1,077,325	\$ -	\$ -	\$ -	\$ 1,077,325
Personnel Expenses, Including In-Kind of \$224,818 and State Assistance of \$131,000	355,818	-	-	-	355,818
College Readiness Projects	-	46,895	-	-	46,895
Grant assistance	-	-	27,800	-	27,800
Training and Event Materials	3,056	-	-	-	3,056
Office Expense, Including In-Kind of \$3,327	22,115	-	-	-	22,115
Professional Fees	14,865	-	-	-	14,865
Advertising, Including In-Kind of \$280	16,117	-	-	-	16,117
Rent Expense In-Kind	4,513	-	-	-	4,513
Miscellaneous	4,704	-	-	-	4,704
Total	\$ 1,498,513	\$ 46,895	\$ 27,800	\$ -	\$ 1,573,208

* Total in-kind expenditures equal \$229,331 from Monroe County School District supporting personnel expenses and rent expense.

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (465,879)	\$ 1,357,698
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized Loss on Prepaid Scholarships	65,839	84,151
(Increase) Decrease in Assets:		
Grant Receivable	126,909	(134,490)
Prepaid Scholarships and Local Fee Plans	718,278	(661,838)
Prepaid Dormitory Plans	169,721	(649,638)
Increase (Decrease) in Liabilities:		
Accounts Payable	(40,999)	2,578
Net Cash Provided (Used) by Operating Activities	573,869	(1,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Investments	159,926	(163,597)
Net Cash Provided (Used) by Investing Activities	159,926	(163,597)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	733,795	(165,136)
Cash and Cash Equivalents - Beginning of Year	126,287	291,423
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 860,082	\$ 126,287

See accompanying Notes to Financial Statements.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Foundation

The Monroe County Education Foundation, Inc. (the Foundation) was incorporated under the laws of the state of Florida on January 18, 1995 as a charitable organization and has the purpose of promoting the advancement of quality education opportunities for children in Monroe County, Florida, including providing prepaid college tuition and dormitory vouchers and providing mentors for eligible students. Monroe County Education Foundation, Inc.'s funding comes primarily from public and private donations. The Foundation previously entered into an agreement with the School Board of Monroe County, Florida for the mutual collaboration in the Take Stock in Children Program.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating the fair value disclosures for financial instruments:

Cash, cash equivalents, investments, grant receivables, prepaid expenses, and payables – The carrying amounts reported in the statements of financial position approximate fair values due to relatively short-term maturities of these instruments.

Concentrations of Credit Risk

The Foundation's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, and grant receivables. Deposits maintained at financial institutions may, at times, exceed federally insured limits (FDIC). Cash, cash equivalents, and investment balances are maintained with what management believes to be high-quality financial institutions; therefore, management believes the credit risk related to these balances is minimal. Receivables consist primarily of amounts due from other agencies. Historically, the Foundation has not experienced significant losses related to receivables, including promises to give, and; therefore, believes that the credit risk related to these balances is minimal.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Receivables

Receivables are presented on the statements of financial position net of an allowance for doubtful accounts based on the Foundation's assessment of collectability. As of June 30, 2021 and 2020, the Foundation considered all receivables to be collectible and no allowances have been recorded.

Prepaid Scholarships, Local Fee, and Dormitory Plans

The Foundation participates in the Florida Prepaid College Foundation Stanley Tate Project "Scholarship Tuition for At-Risk Students" (STARS) Scholarship Project (the Program) whereby the Foundation purchases plans and pays 50% of the plan contract price. The Program provides the remaining 50% of the plan, at contract price, as a match. The expenses related to these scholarships are recognized in the statements of activities and changes in net assets as the time scholarships are paid by the Florida Prepaid College Foundation, Inc. to the qualified students' selected higher education institutions. The plans are assigned by the Foundation to eligible students, defined as designated beneficiaries, who meet the standards specified in the Foundation scholarship program. These plans are assets of the Foundation until such time that designated beneficiaries have exhausted credit hours. The amounts recognized by the Foundation as assets and expenses are based on its 100% share of the plan contract price. In the event of cancelation or termination of the plans, the Foundation is entitled to a credit from the Program based on the Foundation's share of the value of the unused credit hours available. Scholarship recipients using the scholarships in Florida colleges and universities must pay local fees in addition to their scholarship. In June 2005, the Foundation's board of directors decided to begin purchasing local fee contracts in addition to the regular scholarships. Beginning with the high school graduating class of May 2006, the Foundation began enhancing the standard scholarship awarded with the addition of the local fee plans contracts to each Take Stock in Children scholar. In addition, and effective October 2014, the Foundation commenced to acquire dormitory plans to enhance its existing programs. Scholarships and Local Fee Plans expense is based upon the Foundation credits awarded to students.

Donated Services, Materials, and Facilities

Donated services are recognized, at estimated fair value, as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated materials and facilities are recorded at their estimated fair market value when received.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Assets Released from 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 restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Monroe County Education Foundation recognizes gifts or cash or other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions received with restrictions that are met in the same reporting period are reported as support without restrictions and an increase in net assets without restrictions. When a restriction expires, (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Grants remaining unused at the end of an accounting period are carried forward as net assets with restrictions. Monroe County Education Foundation may retain unexpended funds for use in future periods providing expenses incurred are in compliance with the specified terms of each grant.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

A portion of Monroe County Education Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Monroe County Education Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Monroe County Education Foundation did not recognize any deferred revenue on the statement of financial position related to these grants as of June 30, 2021 and 2020.

Income Taxes

The Foundation is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) and accordingly no provision for income taxes has been made in the accompanying financial statements.

The Foundation follows the guidance in the income tax standard regarding the recognition of uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized.

The Foundation is not aware of any activities that would jeopardize its tax exempt status.

Statements of Functional Expenses

The cost of providing the various programs and other activities has been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities. All expenses have been directly expensed to a program.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through October 21, 2021, the date financial statements were available to be issued, and has noted no subsequent events.

Change in Accounting Principle

The Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. The ASU is effective for fiscal years beginning after December 31, 2019.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and Cash Equivalents	\$ 860,082	\$ 126,287
Grants Receivable	55,662	182,571
Investments	7,360	167,286
Total	\$ 923,104	\$ 476,144

The Foundation regularly monitors the availability of resources required to meet its operating needs, while striving to maximize the investment of its available funds. The vast majority of the Foundation's assets are with donor restriction and are used to purchase prepaid scholarships.

NOTE 3 INVESTMENTS IN STATE INVESTMENT POOL

The Foundation participates in the State of Florida Local Government Surplus Funds Trust Fund, also known as Florida Prime, administered by the State Board of Administration (SBA), under the regulatory oversight of the state of Florida. The purpose of this pool is to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government. The LGIP is a 2a-7 like external investment pool and therefore uses amortized cost which is reported at a stable Net Asset Value (NAV), typically \$1.00 per share. Therefore, the account balance should be considered the fair value of the investment. As of June 30, 2021, the LGIP, now known as Florida Prime, is rated AAAM for Credit Quality by Standard & Poor's Rating Agency and had a weighted average maturity (WAM) of 50 days, and had a weighted average life (WAL) of 69 days.

A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 INVESTMENTS IN STATE INVESTMENT POOLS (CONTINUED)

With regard to redemption dates, Chapter 218.409(8)(a), *Florida Statutes*, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the monies in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.”

With regard to liquidity fees, *Florida Statute* 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of June 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

The Foundation’s investment in the Florida PRIME is reported at fair value and reflected as investments in the accompanying statement of financial position. As of June 30, 2021 and 2020, the Organization reported \$7,360 and \$167,286, respectively in investments.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUES OF FINANCIAL INSTRUMENTS

Under accounting guidance, fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The topic establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held by the Foundation are invested in the Florida State Board of Administration (Level 2 inputs). The fair value of the Prepaid Scholarships, Local Fee and Dormitory Plans are based on a valuation model that calculates the current value of estimated distributable scholarships and plans. The valuation model incorporates assumptions that market participants would use in estimating future distributable scholarships and plans. The Foundation values its Prepaid Scholarships, Local Fee and Dormitory Plans at the current value estimated by the state of Florida based on current tuition and dorm fee rates, funds awarded and funds reinvested (Level 3 inputs).

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below as of June 30, 2021:

	Quoted Active Markets Identified Assets (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)	Total
ASSETS				
Investments	\$ -	\$ 7,360	\$ -	\$ 7,360
Prepaid Scholarship and Local Fee Plans	-	-	11,332,779	11,332,779
Prepaid Dormitory Plans	-	-	1,945,687	1,945,687
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 7,360</u>	<u>\$ 13,278,466</u>	<u>\$ 13,285,826</u>

Assets and liabilities measured at fair value on a recurring basis are summarized below as of June 30, 2020:

	Quoted Active Markets Identified Assets (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)	Total
ASSETS				
Investments	\$ -	\$ 167,286	\$ -	\$ 167,286
Prepaid Scholarship and Local Fee Plans	-	-	12,116,896	12,116,896
Prepaid Dormitory Plans	-	-	2,115,408	2,115,408
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 167,286</u>	<u>\$ 14,232,304</u>	<u>\$ 14,399,590</u>

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2021	2020
Purchases	\$ 121,643	\$ 2,433,910
Amount Used from Expired Contracts	-	(45,109)
Scholarships and Local Fee Plans Consumed	(1,009,642)	(1,077,325)

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 FLORIDA PREPAID COLLEGE FOUNDATION ACTIVITY

For the years ended June 30, 2021 and 2020, the Foundation paid \$-0- and \$1,232,666, respectively to the Florida Prepaid College Foundation for the purchase of prepaid dormitory plans, prepaid local fee plans, and prepaid scholarship contracts. The Florida Prepaid College Foundation matched the Foundation's purchase dollar for dollar. It is the policy of the Foundation to acquire these plans at the earliest possible date, protecting against steeply escalating college tuition and scholarship/dormitory costs, and to take advantage of matching funds whenever they are available.

During the years ended June 30, 2021 and 2020, the Foundation purchased and utilized prepaid scholarship tuition hours as summarized below:

	June 30, 2019	Purchased	Reinvested (Traded In)	Utilized	June 30, 2020
2 Year College	6,393	-	-	(304)	6,089
2 Year College and 2 Year University	59,872	-	(617)	(4,387)	54,868
University (1 year and 4 Year) Plans	10,380	6,960	-	(654)	16,686
Totals	<u>76,645</u>	<u>6,960</u>	<u>(617)</u>	<u>(5,345)</u>	<u>77,643</u>

	June 30, 2020	Purchased	Reinvested (Traded In)	Utilized	June 30, 2021
2 Year College	6,089	-	-	(334)	5,755
2 Year College and 2 Year University	54,868	-	-	(4,177)	50,691
University (1 year and 4 Year) Plans	16,686	-	-	(727)	15,959
Totals	<u>77,643</u>	<u>-</u>	<u>-</u>	<u>(5,238)</u>	<u>72,405</u>

During the years ended June 30, 2021 and 2020, the Foundation purchased and utilized prepaid dorm semesters as summarized below:

	June 30, 2019	Purchased	Reinvested (Traded In)	Utilized	June 30, 2020
Total Dorm Semesters	<u>466</u>	<u>292</u>	<u>-</u>	<u>(103)</u>	<u>655</u>

	June 30, 2020	Purchased	Reinvested (Traded In)	Utilized	June 30, 2021
Total Dorm Semesters	<u>655</u>	<u>-</u>	<u>-</u>	<u>(77)</u>	<u>578</u>

In August of 2021, subsequent to year-end, the Foundation purchased 60 2-Year Dorm Plans at a cost of \$422,951. The Foundation had delayed the purchase during the 2020-2021 fiscal year to aid in year-end reconciling of plans.

MONROE COUNTY EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 DONATED SERVICES, MATERIALS, AND FACILITIES

Donated services, materials, and facilities are reported as part of the following expense categories in the accompanying statements of functional expenses:

	<u>2021</u>	<u>2020</u>
School Board of Monroe County - Personnel	\$ 280,916	\$ 224,818
Rent	4,513	4,513
Total	<u>\$ 285,429</u>	<u>\$ 229,331</u>

The Foundation has no employees. Personnel delivering the Foundation's programs are employed by the Monroe County School District as specified in the memorandum of understanding (the MOU) with Take Stock in Children, Inc. Funding for these personnel is provided by state programs in accordance with the MOU. The balance of these personnel expenses is provided In-Kind by the Monroe County School District, as shown in the accompanying statements of functional expenses.

In addition to the prepaid plans explained in Note 5, the Foundation provides a variety of College readiness activities. These activities are substantially funded by state and individual grantors for the purpose indicated, as shown on the accompanying statements of functional expenses.

A significant amount of donated services are received from unpaid volunteers assisting in the mentoring and education programs and by its board of directors to carry out fundraising and special projects; however, these donated services are not reflected in the financial statements since the services do not meet the requirements for recognition under current accounting standards.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Prepaid Scholarships and Local Fee Plans	\$ 11,332,779	\$ 12,116,896
Prepaid Dormitory Plans	1,945,687	2,115,408
TSIC Programs Account	812,882	261,599
Experiment in International Living	34,098	134,664
College Readiness Fund	12,694	17,090
COVID-19 Relief Fund	1,400	-
Total Net Assets with Donor Restrictions	<u>\$ 14,139,540</u>	<u>\$ 14,645,657</u>

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NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2021	2020
Satisfaction of Purpose Restrictions:		
Prepaid Scholarships and Local Fee Plans	\$ 1,009,642	\$ 1,077,325
TSIC Programs Account	368,781	415,141
College Readiness Fund	49,765	39,413
Experiment in International Living	100,566	-
Experiment in International Living Airfare	-	13,529
COVID-19 Relief Fund	-	27,800
Total Net Assets Released from Donor Restrictions	\$ 1,528,754	\$ 1,573,208

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Foundation receives pass-through financial assistance from state and local agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specific in the grant/contract agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Foundation to offset amounts which would otherwise be repayable based on audits. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable state and local laws and regulations. In accordance with Chapter 10.550, Rules of the Auditor General (Florida Single Audit Act), the Foundation is required to perform "single audits" when the required threshold of \$750,000 in grant expenditures from either source is exceeded. For the years ended June 30, 2021 and 2020, the Foundation did not exceed the required threshold.

NOTE 9 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Foundation board members contributed \$105,723 and \$97,247, respectively to various programs of the Foundation. During the years ended June 30, 2021 and 2020, the Monroe County School District provided In-Kind gifts totaling \$285,429 and \$229,331, respectively.

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NOTE 10 RISK OF UNCERTAINTIES

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. COVID-19 may impact various parts of Monroe County Education Foundation's Fiscal Year 2022 operations and financial results. Management believes they are taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.