



PASCO EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

PASCO EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Pasco Education Foundation, Inc.
Land O'Lakes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Pasco Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pasco 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Reeder & Associates, PA

Certified Public Accountants
September 28, 2021

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

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 387,137	\$ 389,713
Accounts receivable	24,366	30,007
Certificate of deposit	86,451	-
Investments	<u>1,080,813</u>	<u>612,908</u>
Total Current Assets	1,578,767	1,032,628
Property and equipment, net	1,229	9,021
Certificate of deposit	28,385	113,630
Prepaid scholarships	1,204,865	1,301,948
Endowment investments	2,256,859	2,035,871
Other assets	<u>10,418</u>	<u>10,418</u>
Total Assets	<u><u>\$ 5,080,523</u></u>	<u><u>\$ 4,503,516</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,330	\$ 7,868
Paycheck Protection Program loan	<u>95,522</u>	<u>92,400</u>
Total Liabilities	<u>101,852</u>	<u>100,268</u>
 Net Assets		
Without Donor Restrictions:		
Undesignated	998,218	358,953
Invested in property and equipment	1,229	9,021
Underwater endowments	<u>-</u>	<u>186,205</u>
Total Net Assets Without Donor Restrictions	<u>999,447</u>	<u>554,179</u>
 With Donor Restrictions:		
Restricted for specified purpose	1,722,365	1,813,198
Restricted in perpetuity - endowment	2,256,859	2,222,076
Underwater endowments	<u>-</u>	<u>(186,205)</u>
Total Net Assets With Donor Restrictions	3,979,224	3,849,069
Total Net Assets	<u>4,978,671</u>	<u>4,403,248</u>
Total Liabilities and Net Assets	<u><u>\$ 5,080,523</u></u>	<u><u>\$ 4,503,516</u></u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	<u>2021</u>	<u>2020</u>
Revenue and Support		
Special events	\$ 170,695	\$ 317,059
Less: direct costs of special events	<u>(43,077)</u>	<u>(74,792)</u>
Total special events, net of direct costs	127,618	242,267
Contributions	370,421	400,541
In-kind contributions	27,693	24,045
Grant revenue	438,492	317,520
Net assets released from restrictions	<u>133,750</u>	<u>95,000</u>
Total Revenues and Support Without Donor Restrictions	<u>1,097,974</u>	<u>1,079,373</u>
Expenses		
<i>Program Services</i>	<u>1,163,447</u>	<u>1,217,831</u>
<i>Support Services</i>		
Administrative	57,312	58,015
Fundraising	<u>80,427</u>	<u>82,285</u>
Total Support Services	<u>137,739</u>	<u>140,300</u>
Total Expenses	<u>1,301,186</u>	<u>1,358,131</u>
	(203,212)	(278,758)
Other Changes		
Investment return	<u>677,016</u>	<u>36,926</u>
Change in Net Assets Without Donor Restrictions	<u>473,804</u>	<u>(241,832)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Endowment contributions	34,783	70,000
Contributions restricted for a specified purpose	191,576	156,924
Gain on Florida prepaid scholarships	9,010	99,460
Net assets released from restrictions	<u>(133,750)</u>	<u>(95,000)</u>
Change in Net Assets With Donor Restrictions	<u>101,619</u>	<u>231,384</u>
Increase (decrease) in net assets	575,423	(10,448)
NET ASSETS, BEGINNING OF YEAR	<u>4,403,248</u>	<u>4,413,696</u>
NET ASSETS, END OF YEAR	<u>\$ 4,978,671</u>	<u>\$ 4,403,248</u>

Read Report of Independent Certified Public Accountants.
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of these financial statements.

PASCO EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

SUPPORT SERVICES

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL SUPPORT SERVICES	TOTAL EXPENSES
		ADMINISTRATIVE	FUNDRAISING		
Salaries and wages	\$ 296,220	\$ 39,496	\$ 59,244	\$ 98,740	\$ 394,960
Payroll taxes	20,543	2,739	4,109	6,848	27,391
Employee benefits	27,966	3,729	5,593	9,322	37,288
Total salaries and related expenses	344,729	45,964	68,946	114,910	459,639
Grants	238,297	-	-	-	238,297
Student scholarships	245,230	-	-	-	245,230
Amortization of Florida prepaid scholarships	209,245	-	-	-	209,245
Banquets and events	24,673	-	-	-	24,673
Food assistance	42,423	-	-	-	42,423
Professional fees	5,185	5,185	790	5,975	11,160
Printing costs	304	-	-	-	304
Occupancy costs	20,770	2,769	4,154	6,923	27,693
Supplies	10,303	1,212	606	1,818	12,121
IT costs	3,908	521	782	1,303	5,211
Dues and subscriptions	5,192	692	1,038	1,730	6,922
Cell phone expense	3,602	480	721	1,201	4,803
Bank and merchant fees	-	-	1,192	1,192	1,192
Marketing costs	-	-	2,090	2,090	2,090
Travel and meetings	542	72	108	180	722
Insurance	1,252	417	-	417	1,669
Total expenses before depreciation	1,155,655	57,312	80,427	137,739	1,293,394
Depreciation	7,792	-	-	-	7,792
Total expenses	<u>\$ 1,163,447</u>	<u>\$ 57,312</u>	<u>\$ 80,427</u>	<u>\$ 137,739</u>	<u>\$ 1,301,186</u>

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of these financial statements.

**PASCO EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

SUPPORT SERVICES

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL SUPPORT SERVICES	TOTAL EXPENSES
		ADMINISTRATIVE	FUNDRAISING		
Salaries and wages	\$ 298,007	\$ 39,734	\$ 59,602	\$ 99,336	\$ 397,343
Payroll taxes	22,859	3,048	4,571	7,619	30,478
Employee benefits	25,257	3,368	5,052	8,420	33,677
Total salaries and related expenses	346,123	46,150	69,225	115,375	461,498
Grants	292,655	-	-	-	292,655
Student scholarships	201,758	-	-	-	201,758
Amortization of Florida prepaid scholarships	262,116	-	-	-	262,116
Banquets and events	36,472	-	-	-	36,472
Professional fees	5,054	5,200	240	5,440	10,494
Printing costs	512	68	103	171	683
Occupancy costs	18,034	2,405	3,606	6,011	24,045
Supplies	28,397	1,719	2,578	4,297	32,694
IT costs	2,873	383	574	957	3,830
Dues	5,083	678	1,016	1,694	6,777
Cell phone expense	2,350	313	470	783	3,133
Bank and merchant fees	-	-	2,601	2,601	2,601
Marketing costs	-	-	848	848	848
Travel and meetings	5,118	682	1,024	1,706	6,824
Insurance	1,252	417	-	417	1,669
Total expenses before depreciation	1,207,797	58,015	82,285	140,300	1,348,097
Depreciation	10,034	-	-	-	10,034
Total expenses	\$ 1,217,831	\$ 58,015	\$ 82,285	\$ 140,300	\$1,358,131

Read Report of Independent Certified Public Accountants.
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of these financial statements.

PASCO EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 575,423	\$ (10,448)
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation expense	7,792	10,034
Net unrealized and realized (gains) losses on investments	(665,619)	(13,462)
Amortization of Florida prepaid scholarships	209,245	262,116
Matching contributions for Florida prepaid scholarships	(51,576)	(16,924)
Non-cash gain on Florida prepaid scholarships	(9,010)	-
Paycheck Protection Program loan forgiveness	(92,400)	-
(Increase) decrease in accounts receivable	5,641	(5,601)
Increase (decrease) in accounts payable and accrued expenses	(1,538)	(765)
Total Adjustments	(597,465)	235,398
Net Cash Provided (Used) by Operating Activities	(22,042)	224,950
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Florida prepaid scholarships	(51,576)	(16,924)
Reinvestment of interest in certificates of deposit	(1,206)	(1,528)
Sales of investments	135,994	78,715
Purchase of investments	(159,268)	(141,000)
Net Cash Provided (Used In) Investing Activities	(76,056)	(80,737)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	95,522	92,400
Net Cash Provided (Used In) Financing Activities	95,522	92,400
 Net Increase (Decrease) in cash and cash equivalents	(2,576)	236,613
 Cash and cash equivalents, beginning of year	389,713	153,100
 Cash and cash equivalents, end of year	\$ 387,137	\$ 389,713

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A- DESCRIPTION OF ORGANIZATION

The Pasco Education Foundation, Inc. ("the Organization") is an independent nonprofit organization established in 1991 in the state of Florida. The Organization is the avenue for the individuals and the private sector to develop positive and supportive relationships with the Pasco County School district and to make philanthropic contributions to help accomplish the goals of Pasco County's public schools.

The Organization's mission is to advance student achievement and invest community resources to enrich educational opportunities for students and educators.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts on deposit in bank accounts and currency on hand.

Investments

Investments are reported at fair value based on quoted market value with unrealized gains and losses included in changes in net assets.

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of each asset ranging from 3 to 5 years. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Scholarships

Prepaid scholarships consist of prepaid college tuition fees purchased through the Florida Prepaid College Foundation, Inc. The Organization raises money through contributions which are matched dollar-for-dollar by the State of Florida passed through the Consortium of Florida Education Foundations. The scholarships are recorded at the lower of contract cost or current tuition value and are amortized based on actual credit hours used by students.

Donated Facilities, Materials and Services

Donated facilities are reflected in the accompanying financial statements as revenue and expense based on the fair rental value of comparable facilities which totaled \$27,693 and \$24,045 for the years ended June 30, 2021 and 2020, respectively. Donated materials and services, when received are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt. Volunteer services not requiring specialized skills are not reflected in the financial statements since no objective basis exists for recording and assigning values to many of these services.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, wages and employee benefits. Occupancy, maintenance, insurance, utilities and depreciation are allocated on a square footage basis.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2018.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, money market funds, prepaid scholarships and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Read Report of Independent Certified Public Accountants.

**PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, money market funds, and certificates of deposit. The Organization places its deposits with creditworthy, high quality financial institutions. The amount in excess of the FDIC limit totaled \$171,297 and \$182,258 for the years ended June 30, 2021 and 2020, respectively.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 387,137	\$ 389,713
Accounts receivable	24,366	30,007
Certificates of deposit	114,836	113,630
Investments	3,337,672	2,648,779
	3,864,011	3,182,129
Less those unavailable for general expenditure within one year due to:		
Long term certificate of deposit	(28,385)	(113,630)
Amounts restricted for endowment	(2,256,859)	(2,035,871)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,578,767	\$ 1,032,628

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

The Organization receives significant grants and contributions restricted by funders and donors. The Organization considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE D – PREPAID SCHOLARSHIPS

During the years ended June 30, 2021 and 2020, the Organization paid \$51,576 and \$16,924, respectively, to the Florida Prepaid College Foundation, Inc. (FPCF) for the purpose of purchasing prepaid scholarships to be awarded in the future to qualified, economically disadvantaged students in Florida. Certain amounts are matched dollar-for-dollar by the State of Florida depending upon budget allocations. The State of Florida matching contributions for the year ended June 30, 2021 and 2020 totaled \$51,576 and \$16,924, respectively, and are recorded as restricted contributions until the scholarships are utilized.

FPCF lowered the price of its prepaid plans in March 2020 due to lower than anticipated tuition and fee increases in recent years. For the year ended June 30, 2020, the Organization received a cash refund of \$99,460 related to prepaid scholarships. For the year ended June 30, 2021 the refund of \$9,010 was added to the Organization's prepaid scholarships and was a non-cash transaction. The refunds are recorded as gains on Florida prepaid scholarships in the statement of activities.

NOTE E – FAIR VALUE MEASUREMENTS

Professional standards establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 are described below:

Level 1

- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

- Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE E – FAIR VALUE MEASUREMENTS (continued)

Level 3

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable input and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short term investments	\$ 29,325	\$ 29,325	\$ -	\$ -
Corporate bonds	48,316	-	48,316	-
Municipal bonds	83,454	-	83,454	-
Equities	76,051	76,051	-	-
Exchange traded funds	3,100,526	3,100,526	-	-
	<u>\$ 3,337,672</u>	<u>\$ 3,205,902</u>	<u>\$ 131,770</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short term investments	\$ 281,445	\$ 281,445	\$ -	\$ -
Corporate bonds	41,384	-	41,384	-
Municipal bonds	41,385	-	41,385	-
Equities	677,986	677,986	-	-
Exchange traded funds	1,606,579	1,606,579	-	-
	<u>\$ 2,648,779</u>	<u>\$ 2,566,010</u>	<u>\$ 82,769</u>	<u>\$ -</u>

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE E – FAIR VALUE MEASUREMENTS (continued)

Investment return consists of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 29,249	\$ 42,650
Realized and unrealized gains (losses)	<u>665,619</u>	<u>13,462</u>
	694,868	56,112
Less: investment expenses	<u>(17,852)</u>	<u>(19,186)</u>
	<u>\$ 677,016</u>	<u>\$ 36,926</u>

NOTE F- PROPERTY AND EQUIPMENT

Property and equipment, at costs, at June 30,:

	<u>2021</u>	<u>2020</u>
Computer software	\$ 48,490	\$ 48,490
Computer equipment	<u>1,007</u>	<u>1,007</u>
Total Property and Equipment	49,497	49,497
Less: Accumulated Depreciation	<u>(48,268)</u>	<u>(40,476)</u>
Net Property and Equipment	<u>\$ 1,229</u>	<u>\$ 9,021</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$7,792 and \$10,034, respectively.

NOTE G – ENDOWMENT

At June 30, 2021 and 2020, the Organization was the beneficiary of various endowment funds that totaled \$2,256,859 and \$2,035,871, respectively.

Endowment Net Asset Composition by Type of Fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Organization			
Endowment principal	<u>\$ -</u>	<u>\$ 2,256,859</u>	<u>\$ 2,256,859</u>

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE G – ENDOWMENT (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,035,871	\$ 2,035,871
Market value recovery of previously underwater net assets	-	186,205	186,205
Contributions	-	34,783	34,783
Investment return, net	-	537,178	537,178
Amounts subject to appropriation for expenditures	-	(537,178)	(537,178)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,256,859</u>	<u>\$ 2,256,859</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Organization			
Endowment principal	\$ -	\$ 2,222,076	\$ 2,222,076
Less underwater endowments	-	(186,205)	(186,205)
	<u>\$ -</u>	<u>\$ 2,035,871</u>	<u>\$ 2,035,871</u>

Read Report of Independent Certified Public Accountants.

**PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE G – ENDOWMENT (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,938,592	\$ 1,938,592
Contributions	-	70,000	70,000
Investment return, net	-	48,001	48,001
Amounts subject to appropriation for expenditures	-	(20,722)	(20,722)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,035,871</u>	<u>\$ 2,035,871</u>

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose.

In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The purposes of the Organization and the donor restricted endowment fund
- 2) General economic conditions
- 3) The possible effect of inflation and deflation
- 4) The expected total return on investment
- 5) Other resources of the Organization
- 6) The investment policies of the Organization
- 7) The duration and preservation of the endowment fund.

Return Objectives and Risk Parameters

The Organization has adopted an Investment Guideline Policy for endowment assets that attempts to emphasize continued focus on planned giving. The objective is to enhance maximum total return from a combination of capital appreciation and income, without assuming unreasonable risk. Investments are divided between fixed income and equity securities. The range of equity investments ranges from 0-70%. The fixed income range is up to 30%.

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE G – ENDOWMENT (continued)

Spending Policy

Each endowment fund has an endowment book value, an endowment spending base and an endowment market value. Distributions are made on an annual basis in accordance with the endowment spending policy. The current annual spending rate is 4.0% of the endowment principal fund's adjusted endowment spending base. The Board has the discretion to adjust the spending rate.

Market Fluctuations

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that current law requires the Organization to retain for a fund of perpetual duration. Deficiencies of this nature reported in unrestricted net assets were approximately \$186,205 at June 30, 2020. There are no deficiencies of this nature as of June 30, 2021. Such deficiency for the year ended June 30, 2020 resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain scholarships was deemed prudent by the Board of Directors. To remedy the situation, The Board of Directors adopted an endowment spending policy to preserve the purchasing power of the endowments and to generate a current income stream to support donor objectives, while assuming a prudent level of investment risk.

NOTE H – PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2021, the Organization obtained a second Paycheck Protection Program loan under the CARES Act in the amount of \$95,522 to help keep the workforce employed during the COVID-19 crisis. The loan has a maturity of 5 years and interest rate of 1%. Loan payments will be deferred if the Organization applies for loan forgiveness until the Small Business Administration (SBA) remits the Organization's forgiveness amount to the lender. If the Organization does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period for the Organization's loan forgiveness (between 8 and 24 weeks). No collateral or personal guarantees are required. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Management intends to fully comply with the forgiveness provisions and expects the loan to be forgiven in fiscal year 2022. Upon notification of forgiveness, the Organization will recognize \$95,522 in grant revenue. The loan was forgiven in September 2021.

During the year ended June 30, 2020, the Organization applied for and received funding from the Small Business Administration's (SBA) Paycheck Protection Program. For the year ended June 30, 2020 the Organization recorded \$92,400 in grant revenue related to the Paycheck Protection Program as all conditions for forgiveness were met during the year. The loan was forgiven by the SBA in April 2021.

NOTE I – DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

The Organization receives revenue from the sale of the Florida Education specialty license plate offered by the Florida Department of Highway Safety and Motor Vehicles (the Department). For the years ended June 30, 2021 and 2020, the Organization recognized \$13,350 and \$13,570, respectively, in revenue from the Department. The Organization expended the monies on providing scholarships and grants in accordance with the mission of the Organization and in compliance with sections 320.08056 and 320.08058 of the Florida Statutes governing the use of the moneys received from the Department.

Read Report of Independent Certified Public Accountants.

PASCO EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of the Organization are comprised of cash, prepaid expenses and investments available for the following purposes:

	<u>2021</u>	<u>2020</u>
<i>Purpose Restricted:</i>		
Florida Prepaid College Fund scholarships	\$ 1,204,865	\$ 1,301,948
Other scholarships	<u>517,500</u>	<u>511,250</u>
	1,722,365	1,813,198
Restricted in perpetuity - endowment	2,256,859	2,222,076
Underwater endowments	<u>(-)</u>	<u>(186,205)</u>
	<u>2,256,859</u>	<u>2,035,871</u>
Total net assets with donor restrictions	<u>\$ 3,979,224</u>	<u>\$ 3,849,069</u>

Net assets of \$133,750 and \$95,000 were released from donor restrictions in satisfaction of program restrictions during the years ended June 30, 2021 and 2020, respectively.

NOTE K- RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020 a member of the Board of Directors is an officer at a bank that is used by the Organization. This Board member does not receive any payment of commission for the banking services. The School District of Pasco County donates space and services to the Organization. A member of the Board of Directors is also a Pasco County School Board member. The superintendent of Pasco County schools is also a member of the Organization's Board of Directors. Neither of these Board members receives any compensation for the donation of space.

NOTE L - SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. The Organization has been responsive to the COVID-19 crisis including providing clients virtual services. As the Organization continues to evaluate its response and the community's response to COVID-19, there could be additional impact which is unknown at this time.

Management has evaluated subsequent events through September 28, 2021, the date the financial statements were available to be issued.

Read Report of Independent Certified Public Accountants.



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

To the Board of Directors of
Pasco Education Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pasco Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reeder & Associates, PA

Certified Public Accountants
September 28, 2021