



FLORIDA FUND FOR MINORITY TEACHERS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

FLORIDA FUND FOR MINORITY TEACHERS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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FLORIDA FUND FOR MINORITY TEACHERS, INC.

Management's Discussion and Analysis

Florida Fund for Minority Teachers, Inc. (the Organization) is a not-for-profit organization whose mission is to increase the number of minority teachers in Florida public schools by providing upperclassmen and graduate students in teacher education programs with funding to pursue a teaching degree. Upon graduation, each scholar is expected to teach for the same number of years that they receive the scholarship or repay the money to the Organization.

In 2020-21, the Organization had disbursements of \$950,000 in scholarships to minority college students throughout the State of Florida. This amount brings the total amount of scholarships disbursed by the Organization to nearly \$44 million since 1996. Because of the Organization's continued support of education students, it has been verified that approximately 70% of former scholars have taught or are currently teaching in the State of Florida.

Financial Statements

Statement of Financial Position

From June 30, 2020 to June 30, 2021, the Organization's cash position increased by \$21,113.

When a scholar does not teach for the same number of years that they receive the scholarship, the regulations for the Minority Teacher Education Scholarship (MTES) require the Organization to establish a note receivable from the scholar and charge interest at 8% beginning the first day of the 13th month after the month in which the recipient completes an approved teacher education program or in which enrollment as a full-time student is terminated. This excludes those students who have been approved for a deferment. No interest accrues during a deferment period.

Notes receivable at June 30, 2021 decreased by \$25,532 or 27% from June 30, 2020 and interest receivable decreased \$4,922 or approximately 40% during the same time period. These changes are primarily the result of repayors continuing to send in their scheduled payments even though the Organization made the decision in March of 2020 to halt the collection of interest on accounts currently in repayment. These decreases also resulted from closing of accounts due to subsequent verification of teaching service. Because of the hardship caused by COVID-19, financial and otherwise, and because the U.S. Department of Education also mandated student loan relief, the Organization saw fit to provide the same relief to repaying former scholars. As such, repayors were able to continue sending in payments, but no interest or late fees were accrued. Thus, no interest receivable has been accrued for repayors, not placed with the collection agency, since April 2020.

Notes Receivable reflects the total scholarship dollars owed to the Organization by alumni of the program who have not reported that they are teaching in a Florida public school. Interest Receivable shows the total amount of interest owed to the Organization by these same individuals. The amounts reflected in the statement of financial position as of June 30, 2021 and 2020 reflect the amounts that can be reasonably expected to be received from the former scholars who have notes and interest receivable. In addition, the related scholarships payable reflects the amounts that are currently able to be funded as well as the amounts that can be funded in the future from the collection of the notes receivable.

The Organization's Collections Policy includes outsourcing part of its collections process of notes receivable to a collections agency to locate former scholars. In doing so, the Organization can determine whether the alumni of the program have fulfilled their obligations, are eligible for a deferral of their payment obligations, or are required to make payments on a loan as the result of not teaching in a Florida public school. While the amount collected thus far seems minimally successful, the attempts by the agency to collect have resulted in many accounts being closed because formerly delinquent scholars began to report their teaching service once they became aware that their negative account standing was appearing on their credit report. Once an account that has been submitted to collections is closed because the teaching service has been verified, that account is removed from collections, and it is accordingly reported on each individual's credit report.

Scholarships Payable represents the budgeted amount of scholarships that have been returned or repaid and will be disbursed again. Because scholars who end up not teaching are essentially giving back the money they received, the Organization allots those funds to be redistributed as scholarships in the future. When a debit is made to Notes Receivable for scholarships that will be repaid if scholars have not been teaching, the corresponding credit is made to Scholarships Payable. Thus, any increase in Notes Receivable will result in a corresponding increase to Scholarship Payable.

For the 2020-21 fiscal year, there was an overall increase of 9% in Scholarships Payable. This can be attributed to the return to the Organization of overfunded scholarships, loan repayments throughout the year, and funds returned from the Organization to the FLDOE in 2020-21 for late funds returned from 2019-20.

Statement of Activities and Changes in Net Assets

Funding for the 2020-21 fiscal year was \$917,798 with \$871,908 budgeted towards MTES disbursements and \$45,890 budgeted for administrative expenses. Funding for the 2021-22 fiscal year has also been approved at \$917,798 with the same distributions budgeted for Minority Scholarships and administrative expenses. As in previous years, a portion of Scholarships Payable (up to \$100,000) may be allocated to help cover administrative expenses in 2021-22. However, the use of these funds will depend on their availability throughout the year. No amounts of Scholarships Payable were converted during the year ended June 30, 2021.

One of the Organization's points of focus is on fund development. In 2020-21, the Organization received \$11,415 in donations as compared to \$14 in the previous year. While, a significant portion of those donations came from one family (\$10,000), the Organization hopes to increase its level of fundraising success in 2021-22.

The Organization's collection efforts on notes receivable recognized only \$1,032 in interest income for the year ended June 30, 2021 compared to \$7,318 for the year ended June 30, 2020. This reflects amounts from program alumni who are paying on their notes. The decrease is mainly attributed to the Organization's decision to halt the collection of interest on accounts currently in repayment due to the hardship caused by COVID-19 as previously discussed above.

The Recruitment & Retention Symposium was resumed in 2021 after being cancelled in 2020 due to concerns about the rapid spread of COVID-19 and the safety of scholarship recipients and other participants. Because the symposium was conducted in a virtual format, only \$689 in expenses were incurred compared to \$1,587 in the previous year. Additionally, \$9,525 in symposium revenues were recognized as a result of registration fees and sponsorships.

The symposium remains an important part of the Organization's activities as an effective method of delivering required training and recruitment opportunities to the Organization's scholars. It also adds value by providing an opportunity for scholars and former scholars to connect with Florida school districts. This allows students to learn of employment opportunities throughout the state, and thereby obtain acceptable employment to complete their required years of teaching. For the 2021-22 fiscal year, the Organization will consider conducting another virtual symposium.

The gross totals for Minority Teacher Education Scholarships disbursed for 2020-21 and 2019-20 were \$950,000 and \$950,000 respectively. The Organization was able to disburse more than the budgeted \$817,908 because in September of 2020, the Organization was named as the entity that would receive any unclaimed funds from a class action settlement agreement with the FLDOE. The total of the unclaimed funds received by the Organization was \$156,967. It is not expected that there will be any additional funds from this source.

Overall revenues for the year ended June 30, 2021 were \$135,341 more than for the year ended June 30, 2020 mainly due to the proceeds from the class action lawsuit. The Organization's program services and supporting services expenses were \$66,361 more than in the prior year. The increase is mainly attributed to scholarships disbursed in current year being expensed as opposed to being disbursed from funds held in Scholarships Payable as in prior year.

Outlook

The Organization hopes to remain in a position to continue providing funding to students throughout the State of Florida for years to come. A very important part of fulfilling the Organization's mission is the recent change in the legislation that allows the Organization to fund students beyond those just in their junior and senior years. Previously, an applicant for the MTES had to enroll in their junior year. Students may now receive the scholarship if applying during their senior year if they have not obtained more than 18 upper division credit hours in education. Additionally, graduate students may apply if they have a major in education.

Again, the appropriation from the State of Florida for the 2021-22 fiscal year is \$917,798. While this amount remains the same as the preceding year's appropriation, the reduced budget still poses a significant challenge for the Organization both now and in the future. Past budget reductions, and those that may occur in the future, not only limit the amount of scholarship funds available for disbursement, but they also significantly reduce the amount of income for administrative expenses that the Organization will have at its disposal. Because Florida Statute dictates that 5% of the funds appropriated for the MTES program be used towards the administration of the Organization, any reduction in the overall budget further limits the budget for the Organization's administration. The Organization is pursuing an increase from 5% to at least 7.5%.

The original staff of the Organization required an Executive Director, a Program Coordinator, and a secretary to manage the program. However, as the number of scholars and former scholars grew, the responsibilities of the Organization's staff grew as well. This warranted the addition of a Graduate Records/Collections Manager and an Accountant to the office staff to help meet the rising needs of the Organization's administration. These additional costs, compounded with decreases in its operating budget, have previously caused the Organization to be severely hampered in its ability to expand and grow. Because of budget cuts, the Organization eliminated the full-time Program Coordinator and Accountant positions as well as that of the Graduate Records/Collections Manager.

In May 2021, the Organization's Executive Director of 20 years, Dr. Michael V. Bowie, resigned from the Organization. In his place, the Board of Directors selected Ms. Cheryl Williams to serve as Interim Executive Director. Previously, Ms. Williams had been the Program Director for the Organization, and with her transition to Interim Executive Director, the role of Program Director remains unfilled. As such, the Organization now only maintains two positions, that of the Interim Executive Director and the part-time Accountant. Upon assuming her new position Ms. Williams enlisted the services of Dr. Bowie as an Executive Consultant.

In the past, the Organization was able to use interest earned off funds held in its bank accounts as a means to supplement yearly program and administration costs. With the state of the economy and the vast reduction of interest rates over the past few years, the Organization has received much less interest than in the past.

While still earning minimal amounts of interest on its accounts, the Organization is considering how the funds that it currently has can be invested to generate a greater return. However, the stipulations surrounding any investment that the Organization may participate in are that the funds remain relatively liquid and that there is no chance of loss. With these guidelines, the Organization will likely earn less than if the money was invested in riskier, more long-term vehicles. However, the preservation of the funds to be issued as scholarships in the future is of paramount importance.

As previously mentioned, the State of Florida allows the Organization to allocate a portion of its Scholarships Payable balance to the use of administrative costs on a yearly basis. In prior years, this has been a very important allowance and has been very useful in helping the Organization to meet its goals and implement a new software program to better track scholars. However, other sources of funding are still greatly needed, as these funds continually decreased the amount that the Organization had in reserves for future scholarships such that there were no amounts to allocate for fiscal year 2021.

For this reason, the Organization is still seeking other sources of funding besides what is provided by the FLDOE. These sources include, but are not limited to, donations from former scholars, sponsors, and donors to reinstate the centrally located Annual Recruitment and Retention Symposium, corporate sponsors, and operational and program grants. This may potentially allow the Organization to administer other forms of financial assistance and further offset some of its current administrative costs. However, the difficulty with seeking additional funds of any sort is that effective fundraising requires additional time and expense, both of which the Organization has scant amounts in reserve.

In 2020-21, the Organization subscribed to a mobile fundraising service with the expectation that the platform would generate substantial fundraising results. However, the results were largely disappointing. For this reason, the Organization has procured the services of a different fundraising platform for the 2021-22 fiscal year with the hopes that it will yield better results than those previously obtained.

The Organization continues to face the ongoing challenge of tracking graduates and people who otherwise cease to be active in the program. The Organization may sometimes lose contact with some of its scholars after they leave school and can become unaware of whether they are fulfilling their obligations to teach. However, efforts are continuously being made to track these individuals through the FLDOE, Florida's school districts and participating universities and colleges.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Florida Fund for Minority Teachers, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Fund for Minority Teachers, Inc. (the 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, 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 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 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 Organization'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 Organization'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 the Florida Fund for Minority Teachers, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-iv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 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.

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.650, Rules of the Auditor General, State of Florida

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General, State of Florida, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Reeder & Associates, PA

Certified Public Accountants
December 10, 2021

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash	\$ 216,675	\$ 195,562
Notes receivable from scholarships in default	69,226	94,758
Interest receivable from scholarships in default	7,372	12,294
Prepaid expenses	18,516	20,443
Property and equipment, net of accumulated depreciation	37,970	44,680
Total Assets	\$ 349,759	\$ 367,737
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 2,079	\$ -
Paycheck Protection Program loan	5,250	-
Scholarships payable	127,082	116,471
Total Liabilities	134,411	116,471
Net Assets		
Unrestricted, undesignated	215,348	251,266
Restricted	-	-
Total Net Assets	215,348	251,266
Total Liabilities and Net Assets	\$ 349,759	\$ 367,737

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

FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2021 AND 2020

	2021	2020
<i>Changes in Unrestricted Net Assets</i>		
REVENUES		
Minority Teacher Scholarship Program	\$ 917,798	\$ 917,798
Converted scholarship payable	-	41,667
Paycheck Protection Program	5,175	-
Contributions	11,415	14
Conference revenue	9,525	-
Interest income	1,046	7,501
Other income	157,362	-
	1,102,321	966,980
EXPENSES		
<i>Program Services</i>	1,086,658	1,012,286
<i>Supporting Services</i>		
Management & General	49,006	58,282
Fundraising	2,575	1,310
Total Support Services	51,581	59,592
Total Expenses	1,138,239	1,071,878
CHANGE IN NET ASSETS	(35,918)	(104,898)
NET ASSETS, beginning of year	251,266	356,164
NET ASSETS, end of year	\$ 215,348	\$ 251,266

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

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Scholarships</u>	<u>Management & General</u>	<u>Fundraising</u>		
Salaries, benefits & taxes	\$ 90,548	\$ 34,596	\$ 2,360	\$ 127,504	
Scholarships	950,000	-	-	950,000	
Office expenses	5,249	2,005	137	7,391	
License fees	24,325	-	-	24,325	
Postage and delivery	1,314	214	-	1,528	
Professional fees	-	9,622	-	9,622	
Telephone	3,001	1,146	78	4,225	
Other expense	4,822	-	-	4,822	
Travel, conferences & meetings	689	1,423	-	2,112	
Total expenses before depreciation	1,079,948	49,006	2,575	1,131,529	
Depreciation	6,710	-	-	6,710	
Total expenses	<u>\$ 1,086,658</u>	<u>\$ 49,006</u>	<u>\$ 2,575</u>	<u>\$ 1,138,239</u>	

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

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Scholarships</u>	<u>Management & General</u>	<u>Fundraising</u>		
Salaries, benefits & taxes	\$ 82,826	\$ 40,556	\$ 1,169	\$ 124,551	
Scholarships	871,908	-	-	871,908	
Office expenses	7,275	3,562	103	10,940	
License fees	24,325	-	-	24,325	
Postage and delivery	1,662	270	-	1,932	
Professional fees	-	9,000	-	9,000	
Telephone	2,697	1,320	38	4,055	
Bad debt	11,943	-	-	11,943	
Travel, conferences & meetings	2,913	3,574	-	6,487	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total expenses before depreciation	1,005,549	58,282	1,310	1,065,141	
Depreciation	6,737	-	-	6,737	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total expenses	<u>\$ 1,012,286</u>	<u>\$ 58,282</u>	<u>\$ 1,310</u>	<u>\$ 1,071,878</u>	

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

FLORIDA FUND FOR MINORITY TEACHERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for scholarships	\$ 917,798	\$ 917,798
Cash received for contributions	11,415	14
Cash received for conference revenue	9,525	-
Cash received from notes receivable	25,579	17,497
Cash received for interest	1,147	7,787
Cash received from accounts receivable	-	6,000
Cash received from returned scholarships	34,000	102,000
Cash received for loan repayments	2,471	7,038
Other operating receipts	157,362	-
Cash paid to suppliers and employees	(172,701)	(197,073)
Cash paid for scholarships	(950,000)	(950,000)
Cash paid to refund FL DOE for unpaid scholarships	(25,908)	(26,000)
	10,688	(114,939)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(284)
	-	(284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	10,425	(284)
	10,425	(284)
Net increase (decrease) in cash	21,113	(115,223)
Cash, beginning of year	195,562	310,785
Cash, end of year	\$ 216,675	\$ 195,562
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ (35,918)	\$ (104,898)
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	6,710	6,737
Paycheck Protection Program loan forgiveness	(5,175)	-
Bad debt	-	11,943
Other non cash expense	4,822	-
Converted scholarship payable	-	(41,667)
(Increase) decrease in notes receivable	25,532	51,019
(Increase) decrease in interest receivable	100	240
(Increase) decrease in accounts receivable	-	6,000
(Increase) decrease in prepaid expenses	1,927	(6,534)
Increase (decrease) in accrued liabilities	2,079	(9,203)
Increase (decrease) in scholarships payable	10,611	(28,576)
	46,606	(10,041)
Net Cash Provided (Used) by Operating Activities	\$ 10,688	\$ (114,939)
Supplemental Disclosure of Noncash Investing Activity		
Disposal of fully depreciated equipment	\$ -	\$ 13,999

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

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A - DESCRIPTION OF ORGANIZATION

The Florida Fund for Minority Teachers, Inc. (the Organization) is a governmental not-for-profit corporation organized in 1997 pursuant to Florida Senate Bill 0002. The Organization was established to assist Florida's higher education institutions in the recruitment, retention, and graduation of minority teacher scholars.

The Organization's program services include awarding Minority Teacher Education Scholarships, which are aimed at increasing the number of minority teachers in Florida's public schools.

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 and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Net assets and revenues, expenses, gains, and losses are classified based on the existence of externally imposed constraints by creditors, grantors, contributors, or laws/regulations of other governments placed on them. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to externally imposed constraints including restricted contributions whose restrictions are met in the same reporting period.

Restricted net assets - Net assets are restricted when externally imposed constraints by creditors, grantors, contributors, or laws/regulations of other governments are placed on them or constraints are imposed by law through constitutional provisions or enabling legislation.

The Organization had no restricted net assets as of June 30, 2021 and 2020.

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

The Organization considers cash held in depository accounts at banks and money market funds as cash for purposes of the Statement of Cash Flows.

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 – furniture, fixtures and equipment, 5 years. Generally, acquisitions of property and equipment in excess of \$500 are capitalized.

Donated Materials

Donated materials or equipment, when received, are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt.

Read Report of Independent Certified Public Accountants.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes Receivable

Notes receivable represents amounts due from scholarship recipients that have failed to meet the requirements of the scholarship program. The graduates of the program are required to teach for one year in a Florida public school for each year they received scholarships. If they do not graduate within three years, or graduates do not teach in a Florida public school, they are required to repay the total amount of the scholarships they received with interest at eight percent annually. Interest begins accruing the first day of the thirteenth month after the month in which the recipient completed an approved teacher education program or after the month in which enrollment as a full-time student was terminated. The scholarship must be repaid within 10 years of the date of graduation or termination of full-time enrollment. In the event of default on this scholarship, the entire unpaid balance, including interest accrued, will become due and payable at the option of the Organization. Due to the nature of the terms of repayment outlined above Notes Receivable are presented as non-current in the financial statements. Repayment terms are based on the individual's ability to pay with the only stipulation that it must be paid in ten years.

Scholarships Payable

Scholarships payable consists of monies returned to the Organization by the participating universities because of subsequent ineligibility of scholarship recipients. These monies are available for future scholarships to applicants meeting the eligibility requirements of the scholarship program. The payable also includes amounts that were distributed to applicants that defaulted on the terms of the scholarship and must now repay the Organization the scholarships awarded.

Converted Scholarships Payable

During the years ended June 30, 2021 and 2020 the Florida Department of Education allowed the Organization to use amounts previously recorded as scholarships payable to pay administration expenses of the Organization.

The impact of this transaction is to decrease scholarships payable and increase revenue since the Organization is relieved of the scholarship obligation. The amount totaled \$41,667 for the year ended June 30, 2020. No amounts were available for conversion for the year ended June 30, 2021.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, notes receivable and interest receivable. The Organization places its cash with creditworthy, high quality financial institutions. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had no amounts in excess of the FDIC limit at June 30, 2021 and 2020. The Organization has not experienced any losses on its deposits.

For the year ended June 30, 2021, approximately 83% of the Organization's total revenues were from the Florida Department of Education pursuant to the Minority Teacher Education Scholarship Program (99% for the year ended June 30, 2020).

Read Report of Independent Certified Public Accountants.

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the statement of functional expenses. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Administrative and general expenses are allocated to programs based on salaries.

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 fair value information about financial instruments for which it is practicable to estimate that value. The carrying amounts of cash and money market accounts approximate fair value due to the short maturity of those instruments. The fair value of the Organization's notes receivable carrying value approximates fair value.

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.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 216,675	\$ 195,562
Notes receivable from scholarships in default	69,226	94,758
Interest receivable from scholarships in default	<u>7,372</u>	<u>12,294</u>
	293,273	302,614
Less those unavailable for general expenditure within one year due to:		
Estimated notes and interest receivable payments due in more than one year (90% of balance)	<u>(68,938)</u>	<u>(96,347)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 224,335</u>	<u>\$ 206,267</u>

Read Report of Independent Certified Public Accountants.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

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. The Organization considers grants which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

NOTE D - NOTES RECEIVABLE AND INTEREST RECEIVABLE

	<u>2021</u>	<u>2020</u>
Notes receivable from defaulted scholarship recipients. The notes are unsecured, and must be paid within 10 years of default on scholarship with interest accruing at 8%.	\$ 69,226	\$ 94,758
Interest receivable on notes from defaulted scholarships.	<u>7,372</u>	<u>12,294</u>
	<u>\$ 76,598</u>	<u>\$ 107,052</u>

NOTE E - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 13,025	\$ 13,025
Furniture and Fixtures	7,639	7,639
Office Equipment	1,465	1,465
Computer software	<u>62,984</u>	<u>62,984</u>
Total Property and Equipment	85,113	85,113
Less: Accumulated Depreciation	<u>(47,143)</u>	<u>(40,433)</u>
Net Property and Equipment	<u>\$ 37,970</u>	<u>\$ 44,680</u>

Read Report of Independent Certified Public Accountants.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE F - PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2021, the Organization obtained a Paycheck Protection Program loan under the CARES Act in the amount of \$5,175 to help keep their workforce employed during the COVID-19 crisis. The loan has a maturity of 2 years, an interest rate of 1% and initial loan payments are deferred for ten months. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. At least 60% of the forgiven amount must have been used for payroll. For the year ended June 30, 2021, the Organization recorded \$5,175 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 Small Business Administration (SBA) in March 2021.

During the year ended June 30, 2021, the Organization obtained a second Paycheck Protection Program loan under the CARES Act in the amount of \$5,250 to help keep the workforce employed during the COVID-19 crisis. The loan has a maturity of 5 years and an interest rate of 1%. Loan payments will be deferred if the Organization applies for loan forgiveness until the 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 \$5,250 in grant revenue.

NOTE G - OTHER INCOME

During the year ended June 30, 2021, the Organization received unclaimed funds from a class action settlement agreement of \$156,967 which are included in other income on the Statement of Activities and Changes in Net Assets.

NOTE H - CONSIDERATION OF MANAGEMENT'S PLAN OF OPERATION

Over the last several years, the Organization has had the opportunity to utilize funds previously set aside for scholarships in its scholarships payable account to help offset its administrative expenses. The Florida Department of Education (FLDOE) has been allowing \$100,000 in addition to the allowable 5% of the Minority Teacher Education Scholarship program funding to be used to offset the administration of the program. This resulted in previously returned scholarship money being available for such expenses and resulted in the decrease of the scholarship payable accounts such that no amounts remained funded to offset administrative expenses. In addition, during the past several years, the FLDOE has required scholarships awarded that are later returned by the schools, because students are no longer eligible for various reasons, to be returned to the FLDOE instead of retained by the Organization to be used for future scholarships or be made available to pay administrative expenses. However, during the current year, the Organization was not required to return funds to the FLDOE. These funds as well as loan repayments in current year resulted in approximately \$44,000 in its scholarships payable account which is available to offset administrative expenses in future years.

This change in procedure over the last few years has left the Organization with cash flow concerns amid an increasing administrative burden for the tracing of scholars who default on the scholarship and for the collection of the resulting loan. This combined with the Organization's difficulties in fundraising and obtaining alternate types of funding from a variety of sources has raised substantial doubt about its ability to continue as a going concern.

Read Report of Independent Certified Public Accountants.

FLORIDA FUND FOR MINORITY TEACHERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE H - CONSIDERATION OF MANAGEMENT'S PLAN OF OPERATION (continued)

The Organization has evaluated these conditions and is in the process of evaluating its contract provisions, including pursuit of additional allowances for administrative costs for servicing the outstanding loans created from the scholars who default on the terms of their scholarships and for fund development. To lower its administrative expenses the Organization previously eliminated the full-time program coordinator and accountant positions as well as the graduate records/collections manager that were needed to effectively run the program.

The Organization is seeking other sources of funding besides what is provided by the FLDOE. These sources include, but are not limited to, donations from former scholars, sponsors and donors to reinstate the centrally located Annual Recruitment and Retention Symposium, corporate sponsors, and operational and program grants. This may potentially allow the Organization to administer other forms of financial assistance and further offset some of its current administrative costs. The Organization is hopeful that its procurement of services of a different fundraising platform will generate substantial results over the next year.

Management believes these efforts will allow the Organization to continue to provide Minority Teacher Education Scholarships to students through Florida for at least one year after the date the financial statements are available to be issued.

NOTE I - SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. 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 December 10, 2021, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION AND OTHER REPORTS

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2021**

Description	Total Contract Amount	State CSFA Number	Contract Number	State Expenditures
GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE				
<u>STATE ASSISTANCE</u>				
FLORIDA DEPARTMENT OF EDUCATION				
Education Enhancement Lottery Trust Fund for Minority Teacher Scholarship Program	\$ 917,798	48.049	90460	\$ <u>917,798</u>
				<u>\$ 917,798</u>

NOTE 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Florida Fund for Minority Teachers, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650 Rules of the Auditor General, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
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 Florida Fund for Minority Teachers, Inc.
Gainesville, Florida

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 Florida Fund for Minority Teachers, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 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 opinions 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 Organization'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 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
December 10, 2021



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To Florida Fund for Minority Teachers, Inc.
Gainesville, Florida

Report on Compliance for Each Major State Project

We have audited Florida Fund for Minority Teachers, Inc. (the Organization) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2021. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards, and Chapter 10.650, Rules of the Auditor General, State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements, referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

Reeder & Associates, PA

Certified Public Accountants
December 10, 2021

**FLORIDA FUND FOR MINORITY TEACHERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Florida Fund for Minority Teachers, Inc. (the Organization).
2. There were no significant deficiencies disclosed during the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit of the basic financial statements.
4. There were no significant deficiencies disclosed during the audits of the major state financial assistance projects.
5. The auditor's report on compliance for the major state financial assistance projects for the Organization expresses an unmodified opinion.
6. There were no audit findings relative to the major state financial assistance projects of the Organization.
7. The projects tested as major projects included:

State:

Florida Department of Education

48.049 Education Enhancement Lottery Trust Fund
for Minority Teacher Scholarship Program

\$917,798

8. The threshold for distinguishing Type A and Type B projects was \$300,000 for major state financial assistance projects.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

F. MANAGEMENT LETTER - CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA
NO ITEMS REQUIRED TO BE REPORTED

G. CORRECTIVE ACTION PLAN

NOT APPLICABLE AS NO ITEMS REPORTED