

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020



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**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Keys Educational Foundation, Inc.
dba: CFK Foundation
Key West, Florida

We have audited the accompanying financial statements of Florida Keys Educational Foundation, Inc. (dba: CFK Foundation) (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Florida Keys Educational Foundation, Inc.
dba: CFK Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Keys Educational Foundation, Inc., as of March 31, 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 July 19, 2021, on our consideration of Florida Keys Educational Foundation, Inc.'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 solely 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 the effectiveness of Florida Keys Educational Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Lakeland, Florida
July 19, 2021

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 1,116,551	\$ 94,718
Investments	6,185,581	4,034,061
Accounts Receivable	42,794	14,475
Pledge Receivable, Current Portion, Net	90,750	90,750
Prepaid Expenses	40,000	40,000
Total Current Assets	7,475,676	4,274,004
NONCURRENT ASSETS		
Investment Club Fund	549	549
Pledges Receivable, Less Current Portion, Net	192,110	272,250
Property and Equipment, Net	5,435	8,155
Land	43,774	43,774
Inventory	22,850	22,850
Total Noncurrent Assets	264,718	347,578
Total Assets	\$ 7,740,394	\$ 4,621,582
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 30,842	\$ 37,927
Total Current Liabilities	30,842	37,927
NET ASSETS		
Without Donor Restrictions:		
Board-Designated for Endowment	1,140,081	808,343
Board-Designated for Marine Equipment	22,850	22,850
Undesignated	66,006	43,129
Total Without Donor Restrictions	1,228,937	874,322
With Donor Restrictions	6,480,615	3,709,333
Total Net Assets	7,709,552	4,583,655
Total Liabilities and Net Assets	\$ 7,740,394	\$ 4,621,582

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 224,147	\$ 1,611,942	\$ 1,836,089
Net Investment Income	349,573	1,816,152	2,165,725
Net Assets Released from Restrictions	656,812	(656,812)	-
Total Revenues	1,230,532	2,771,282	4,001,814
EXPENSES			
Program Services	770,631	-	770,631
Management and General	73,219	-	73,219
Fundraising	32,067	-	32,067
Total Expenses	875,917	-	875,917
CHANGE IN NET ASSETS	354,615	2,771,282	3,125,897
Net Assets - Beginning of Year	874,322	3,709,333	4,583,655
NET ASSETS - END OF YEAR	<u>\$ 1,228,937</u>	<u>\$ 6,480,615</u>	<u>\$ 7,709,552</u>

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 133,531	\$ 670,448	\$ 803,979
Net Investment Income	(118,601)	(556,502)	(675,103)
Net Assets Released from Restrictions	310,275	(310,275)	-
Total Revenues	325,205	(196,329)	128,876
EXPENSES			
Program Services	1,458,699	-	1,458,699
Management and General	76,720	-	76,720
Fundraising	32,715	-	32,715
Total Expenses	1,568,134	-	1,568,134
CHANGE IN NET ASSETS	(1,242,929)	(196,329)	(1,439,258)
Net Assets - Beginning of Year	2,117,251	3,905,662	6,022,913
NET ASSETS - END OF YEAR	\$ 874,322	\$ 3,709,333	\$ 4,583,655

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
College Program Support	\$ 581,871	\$ 41,067	\$ 23,805	\$ 646,743
Scholarship Program	168,582	-	-	168,582
Professional Fees	-	29,858	-	29,858
Fundraising	-	-	8,196	8,196
Office and Operating Supplies	11,428	-	66	11,494
Postage	-	191	-	191
Depreciation	2,720	-	-	2,720
Sponsorships	-	113	-	113
Software	6,030	-	-	6,030
Insurance	-	860	-	860
Miscellaneous	-	1,130	-	1,130
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 770,631</u>	<u>\$ 73,219</u>	<u>\$ 32,067</u>	<u>\$ 875,917</u>

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
College Program Support	\$ 1,270,926	\$ 41,067	\$ 23,805	\$ 1,335,798
Scholarship Program	167,882	-	-	167,882
Professional Fees	-	28,300	-	28,300
Fundraising	-	-	8,196	8,196
Office and Operating Supplies	11,428	1,940	714	14,082
Postage	-	195	-	195
Depreciation	2,720	-	-	2,720
Sponsorships	-	2,547	-	2,547
Software	5,743	-	-	5,743
Insurance	-	860	-	860
Miscellaneous	-	1,811	-	1,811
	<u>\$ 1,458,699</u>	<u>\$ 76,720</u>	<u>\$ 32,715</u>	<u>\$ 1,568,134</u>
Total Expenses	<u>\$ 1,458,699</u>	<u>\$ 76,720</u>	<u>\$ 32,715</u>	<u>\$ 1,568,134</u>

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,125,897	\$ (1,439,258)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Unrealized (Gain) Loss on Investments	(2,045,854)	1,049,952
Realized (Gain) Loss on Investments	(28,120)	(223,732)
Contribution for Endowment	(23,990)	(77,520)
Bad Debt Expense	21,155	21,155
Depreciation	2,720	2,720
(Increase) Decrease in Assets:		
Accounts Receivable	(29,474)	4,400
Pledge Receivable	60,140	(383,000)
Investment Club Fund	-	(49)
Increase (Decrease) in Liabilities:		
Accounts Payable	(7,085)	(8,613)
Net Cash Provided (Used) by Operating Activities	1,075,389	(1,053,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Reinvested	(114,571)	(184,838)
Purchase of Investments	(436,179)	(623,411)
Proceeds from Sale of Investments	473,204	1,761,188
Net Cash Provided (Used) by Investing Activities	(77,546)	952,939
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution for Endowment	23,990	77,520
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,021,833	(23,486)
Cash and Cash Equivalents - Beginning of Year	94,718	118,204
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,116,551	\$ 94,718

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida Keys Educational Foundation, Inc. (the Foundation) was incorporated as a nonprofit organization on March 8, 1966, in the state of Florida and is a direct-support organization to The College of the Florida Keys, formerly known as the Florida Keys Community College. On January 20, 2010, the board approved doing business as (DBA) name of CFK Foundation, formerly known as FKCC Foundation. The objectives of the Foundation are to encourage, solicit, receive, and administer gifts, bequests of property and funds for scholarships and programs for the advancement of The College of the Florida Keys and its objectives. The Foundation's support comes primarily from donor contributions and governmental grants. Since the Foundation and College are physically located in the Florida Keys, donor support is primarily generated from sources connected in some manner with Monroe County, Florida.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, prepaid expenses, and payables.

Cash and Cash Equivalents

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

In-kind Inventory

The Foundation receives donations of land, boats, engines, marine equipment, supplies, and materials for use in its educational programs or resale. These donations are recorded at their fair market value on the date given. Total inventory at March 31, 2021 and 2020, amount to \$22,850 and \$22,850, respectively. No in-kind donation was received in 2021 or in 2020.

Accounts Receivable

Accounts Receivable are presented on the statements of financial position net of an allowance for doubtful accounts based on the Foundation's assessment of collectibility. As of March 31, 2021 and 2020, the Foundation considered all receivables to be collectible and no allowances have been recorded.

Pledge Receivable

Pledges receivable are unconditional promises to give due. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Pledges receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are valued at their fair values in the statements of financial position; unrealized gains and losses are included in the statements of activities. Realized gains/losses on disposition are based on the net proceeds and the adjusted carrying amounts of the securities sold using the average cost method.

Fair Value Measurement

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Foundation has the ability to access quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

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 Foundation 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 different fair value measurements at the reporting date.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The Foundation has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value for the years ending March 31, 2021 and 2020. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

Net Assets

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

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

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

Revenue Recognition

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

Income Taxes

The Foundation is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time spent in those areas. Costs that are directly related to the Foundation's specific purpose have been recorded as a direct expense and included as program services.

Use of Estimates

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

Concentration of Risk

Contributions totaling \$597,500 were received from one donor. Should the contribution level decrease, the Foundation could be adversely affected.

NOTE 2 PLEDGE RECEIVABLE

Pledge receivable includes pledges that have been discounted at a rate of 1.76% at March 31, 2020. The following is a summary of the Foundation's pledge receivable at March 31:

	<u>2021</u>	<u>2020</u>
Total Amounts Due in:		
Within One Year	\$ 100,000	\$ 100,000
One to Five Years	<u>200,000</u>	<u>300,000</u>
Gross Pledge Receivable	300,000	400,000
Less: Allowance for Doubtful Accounts	(17,140)	(17,000)
Less: Discount to Present Value	-	(20,000)
Total Pledge Receivable, Net	<u>\$ 282,860</u>	<u>\$ 363,000</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 3 INVESTMENTS

Investment securities are carried at fair value and consist of the following as of March 31:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Mutual Funds - Equities	\$ 5,543,551	\$ 3,748,826	\$ 3,650,627	\$ 3,716,415
Mutual Funds - Fixed Income	642,030	634,152	383,434	499,804
Total Investments	<u>\$ 6,185,581</u>	<u>\$ 4,382,978</u>	<u>\$ 4,034,061</u>	<u>\$ 4,216,219</u>

A summary of the return on investments is as follows as of March 31:

	2021	2020
Dividends and Interest	\$ 114,571	\$ 184,838
Investment Fees	(22,820)	(33,721)
Realized Gains on Sale of Investments, Net	28,120	223,732
Unrealized Gain (Loss) on Investments	2,045,854	(1,049,952)
Net Investment Income	<u>\$ 2,165,725</u>	<u>\$ (675,103)</u>

The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of March 31, 2021:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Mutual Funds - Equities	\$ 5,543,551	\$ -	\$ -
Mutual Funds - Fixed Income	642,030	-	-
Total Investments	<u>\$ 6,185,581</u>	<u>\$ -</u>	<u>\$ -</u>

Assets and liabilities measured at fair value on a recurring basis are summarized below as of March 31, 2020:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Mutual Funds - Equities	\$ 3,650,627	\$ -	\$ -
Mutual Funds - Fixed Income	383,434	-	-
Total Investments	<u>\$ 4,034,061</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 ENDOWMENT COMPOSITION

The Foundation's endowment consists primarily of funds established by donors and the board of directors in prior years through donations and the growth of those funds over the years.

As of March 31, 2021 and 2020, the Foundation's endowment included 27 and 24, respectively, individual funds established for the purposes of scholarships and college support and 2 for operating support in 2021 and 2020. These funds include donor-restricted and board-designated quasi endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

Endowment funds by category from inception to date consist of the following as of March 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowments:			
Scholarship Program	\$ -	\$ 1,442,423	\$ 1,442,423
College Program Support	203,635	982,219	1,185,854
Accumulated Earnings Invested	156,946	1,524,639	1,681,585
Operating Endowment	779,500	-	779,500
Total Endowment	<u>\$ 1,140,081</u>	<u>\$ 3,949,281</u>	<u>\$ 5,089,362</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowments:			
Scholarship Program	\$ -	\$ 1,442,423	\$ 1,442,423
College Program Support	186,235	982,219	1,168,454
Accumulated Earnings Invested	42,036	360,602	402,638
Operating Endowment	580,072	-	580,072
Total Endowment	<u>\$ 808,343</u>	<u>\$ 2,785,244</u>	<u>\$ 3,593,587</u>

Changes in endowment net assets consist of the following for the year ended March 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at			
Beginning of Year	\$ 808,343	\$ 2,785,244	\$ 3,593,587
Investment Income:			
Dividends and Interest	18,493	96,078	114,571
Investment Fees	(3,683)	(19,137)	(22,820)
Realized Gain on Sale of			
Investments, Net	4,539	23,581	28,120
Unrealized Gain on			
Investments	310,054	1,068,621	1,378,675
Net Investment Income	329,403	1,169,143	1,498,546
New Gifts	17,400	6,590	23,990
Spending Policy Distributions	(15,065)	(11,696)	(26,761)
Endowment at End of Year	<u>\$ 1,140,081</u>	<u>\$ 3,949,281</u>	<u>\$ 5,089,362</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at			
Beginning of Year	\$ 1,522,413	\$ 3,330,591	\$ 4,853,004
Investment Income:			
Dividends and Interest	18,502	165,624	184,126
Investment Fees	(3,505)	(30,213)	(33,718)
Realized Gain on Sale of			
Investments, Net	23,257	200,475	223,732
Unrealized Loss on			
Investments	(161,131)	(804,714)	(965,845)
Net Investment Income	(122,877)	(468,828)	(591,705)
New Gifts	4,932	87,520	92,452
Spending Policy Distributions	(596,125)	(164,039)	(760,164)
Endowment at End of Year	<u>\$ 808,343</u>	<u>\$ 2,785,244</u>	<u>\$ 3,593,587</u>

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the state of Florida enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation enacted the enhanced disclosure for endowments required by accounting guidance which became effective July 1, 2012.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as unrestricted board designated until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the board.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceeds inflation while assuming a low level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop a new and significant source of revenue for the Foundation. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing college and Foundation needs in both the short and long-term; and, (d) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's policy is to not provide any distribution of its endowment fund's assets (corpus). In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to stay constant. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Foundation policies requires to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable market fluctuations that occurred after the investment of permanently restricted contributions. Deficiencies of this nature that are in excess of related temporarily restricted amounts would be reported in unrestricted net assets. The Foundation does not have any deficiencies as of March 31, 2021 and 2020.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Software	\$ 27,195	\$ 27,195
Less: Accumulated Depreciation	<u>(21,760)</u>	<u>(19,040)</u>
Total	<u>\$ 5,435</u>	<u>\$ 8,155</u>

Depreciation expense as of March 31, 2021 and 2020, is \$2,720 and \$2,720, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Scholarships Programs	\$ 474,523	\$ 343,596
College/Program Support	2,056,262	579,944
Investment Club	549	549
Total	<u>2,531,334</u>	<u>924,089</u>
Endowments:		
Not Subject to Spending Policy or Appropriation:		
Endowment Held in Perpetuity:		
Scholarships Programs	1,442,423	1,442,423
College/Program Support	982,219	982,219
Total	<u>2,424,642</u>	<u>2,424,642</u>
Subject to Appropriation and Expenditure When A Specific Event Occurs:		
Restricted by Donors for:		
Scholarships Programs	632,992	18,302
College/Program Support	891,647	342,300
Total	<u>1,524,639</u>	<u>360,602</u>
Total Endowments	<u>3,949,281</u>	<u>2,785,244</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 6,480,615</u>	 <u>\$ 3,709,333</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
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MARCH 31, 2021 AND 2020

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors and permanent fund income released from restrictions as follows:

	2021	2020
Scholarship Programs	\$ 123,155	\$ 108,315
College/Program Support	521,961	37,921
Accumulated Earnings from Endowments	11,696	164,039
Total Net Assets Released from Restrictions	\$ 656,812	\$ 310,275

NOTE 9 RELATED PARTY TRANSACTIONS

The Foundation had related-party transactions from the board of directors during the year. The Foundation recognized revenues amounting to approximately \$22,000 and \$29,000 for the years ended March 31, 2021, and 2020, respectively.

The Foundation also had related-party transactions from The College of the Florida Keys during the year. The Foundation received approximately \$9,000 and \$99,000 in contributions for the years ended March 31, 2021, and 2020, respectively. The Foundation incurred approximately \$886,000 and \$1,491,000 in expenditures to The College of the Florida Keys for the years ended March 31, 2021, and 2020, respectively. For the years ended March 31, 2021, and 2020, the Foundation had approximately \$27,000 and \$29,000, respectively recorded as payables from The College of the Florida Keys.

NOTE 10 LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and Cash Equivalents	\$ 1,116,551	\$ 94,718
Accounts Receivable	42,794	14,475
Pledge Receivable	90,750	90,750
Investments	6,185,581	4,034,061
Less Amounts		
With Donor Restrictions	(6,197,755)	(3,346,333)
With Board Designations	(1,140,081)	(808,343)
Total	\$ 97,840	\$ 79,328

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 SUBSEQUENT EVENT

Management has performed an analysis of the activities and transactions subsequent to March 31, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended March 31, 2021 and 2020. Management has performed their analysis through July 19, 2021.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the Foundation's 2020 operations and financial results. Management believes they are taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.



INDEPENDENT AUDITORS' 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

Board of Directors
Florida Keys Educational Foundation, Inc.
dba: CFK Foundation
Key West, 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 Keys Educational Foundation, Inc. (dba: CFK Foundation) (a non-profit organization), which comprise the statement of financial position as of March 31, 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 July 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Keys Educational Foundation, Inc.'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 Florida Keys Educational Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Keys Educational Foundation, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist and that have not been identified. However, material weaknesses may exist that have not been identified.

Board of Directors
Florida Keys Educational Foundation, Inc.
dba: CFK Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Keys Educational Foundation, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
July 19, 2021