

FLORIDA EDUCATION FUND, INC.

**Basic Financial Statements, Schedules and Reports
as Required by Chapter 10.650, *Rules of the Auditor General***

**June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)**

FLORIDA EDUCATION FUND, INC.

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**Independent Auditors’ Report on Basic Financial Statements
and Required Supplementary Information**

The Board of Directors
Florida Education Fund, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida Education Fund, Inc., a component unit of the State of Florida, (the “Organization” or “FEF”), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Florida Education Fund, Inc. as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Florida Education Fund, Inc. changed its method of accounting for leases as a result of the adoption of Governmental Accounting Standards Board Statement No. 87, effective July 1, 2021, with retroactive application to prior periods presented on a comparative basis. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FEF's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FEF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FEF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of operating activities by program is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis and is also 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023 on our consideration of Florida Education Fund, 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 the Organization'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* in considering Florida Education Fund, Inc.'s internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

March 13, 2023
St. Petersburg, Florida

FLORIDA EDUCATION FUND, INC.

Management's Discussion and Analysis (Unaudited)

Introduction

Management's discussion and analysis ("MD&A") provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts of Florida Education Fund, Inc. (FEF) for the fiscal year ended June 30, 2022. This overview is required by Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statements No. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of management.

The Florida Education Fund, Inc. (FEF) is a not-for-profit corporation created by Florida Statute 240.498 effective July 1, 1987 to maintain and enhance higher education in the State of Florida through cooperation with institutions of higher learning in the State. FEF is a component unit of the State of Florida and is to be governed by a board comprised of 12 members that are appointed by the State of Florida and up to 5 members from the private sector who are appointed by the Board.

Overview of the Financial Statements

Pursuant to GASB Statement No. 34, FEF's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position reflects the assets and liabilities of FEF, using the accrual basis of accounting, and presents the financial position of FEF at a specified time. The difference between assets and liabilities is net position. The net position is an indicator of FEF's financial health.

The statement of revenues, expenses and changes in net position presents FEF's revenue and expense activity, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The statement of cash flows provides information in the form of cash inflows and outflows summarized by operating, capital and related financing activities, and investing activities. This statement will assist in evaluating FEF's ability to generate net cash flows and its ability to meet its financial obligations as they come due.

FLORIDA EDUCATION FUND, INC.

**Management's Discussion and Analysis - Continued
(Unaudited)**

Financial Highlights

Condensed Statement of Net Position

The following summarizes FEF's assets, liabilities and net position at June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets:			
Cash and other current assets	\$ 1,097,560	858,366	218,667
Investments	22,282,350	25,792,087	20,384,795
Right-of-use asset, net	97,939	176,291	-
Capital assets, net	<u>1,900</u>	<u>19</u>	<u>2,288</u>
 Total assets	 23,479,749	 26,826,763	 20,605,750
Liabilities:			
Accounts payable and accrued expenses	629,401	1,178,288	906,718
Deferred revenue	834,920	896,697	958,656
Lease liability	<u>105,763</u>	<u>183,250</u>	<u>-</u>
	1,570,084	2,258,235	1,865,374
Net position:			
Net investment in capital assets	1,900	19	2,288
Restricted	65,594	43,400	20,000
Unrestricted	<u>21,842,171</u>	<u>24,525,109</u>	<u>18,718,088</u>
 Total net position	 <u>21,909,665</u>	 <u>24,568,528</u>	 <u>18,740,376</u>
 Total liabilities and net position	 <u>\$ 23,479,749</u>	 <u>26,826,763</u>	 <u>20,605,750</u>

The Organization's net position decreased by \$2,658,863 in fiscal 2022 and increased by \$5,828,152 in fiscal 2021, respectively. Total net position at June 30, 2022 was \$21,909,665.

FLORIDA EDUCATION FUND, INC.

**Management's Discussion and Analysis - Continued
(Unaudited)**

Financial Highlights - Continued

Changes in Net Position

FEF's operating revenues increased 2% to \$5,474,559 in fiscal year 2022 and increased by 20% to \$5,366,411 in fiscal year 2021. The majority of the operating revenues are derived from various grants, appropriations and contracts from the State of Florida. Investment return is the second largest source of operating revenue for FEF. Total expenses decreased by approximately 3% to \$3,762,666 in fiscal year 2022 and by 3% to \$3,875,154 in fiscal year 2021.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Operating:			
Grants, appropriations and contracts	\$ 4,426,412	4,168,888	3,980,517
Contributions	160,229	287,855	32,943
Investment return, excluding unrealized gains	856,497	905,897	428,083
Program service fees	29,893	914	30,393
Other	1,528	2,857	398
	<u>5,474,559</u>	<u>5,366,411</u>	<u>4,472,334</u>
Total operating revenues			
Non-operating	(4,370,756)	4,336,895	537,570
	<u>1,103,803</u>	<u>9,703,306</u>	<u>5,009,904</u>
Total revenues			
Expenses:			
McKnight Doctoral Fellowships	2,455,579	2,548,131	2,664,826
McKnight Junior Faculty Fellowships	87,388	253,502	94,274
Centers of Excellence	802,592	585,237	748,258
General and administrative	402,042	472,766	491,972
Fundraising	15,065	15,518	12,620
	<u>3,762,666</u>	<u>3,875,154</u>	<u>4,011,950</u>
Total expenses			
Change in net position	(2,658,863)	5,828,152	997,954
Net position, beginning of year	<u>24,568,528</u>	<u>18,740,376</u>	<u>17,742,422</u>
Net position, end of year	<u>\$ 21,909,665</u>	<u>24,568,528</u>	<u>18,740,376</u>

The changes in revenue in 2022 are primarily attributed to new sources of contributions from foundation grants and to changes in investment return. The changes in revenue in 2021 are primarily attributed to new sources of contributions from bequests and foundation grants and to changes in investment return. The board of directors approves an annual budget under which the management of FEF operates during each fiscal year. Realized and unrealized gains and losses on investments are not considered as a part of the budget process.

FLORIDA EDUCATION FUND, INC.

**Management's Discussion and Analysis - Continued
(Unaudited)**

Economic Factors

In establishing the budget for 2022-2023, operating revenues and expenses are budgeted to reflect appropriated funding for McKnight Doctoral Fellowships. Operating expenses are budgeted to remain at relatively consistent levels. FEF's net position or its ability to maintain current investment levels will be the same. FEF has adopted no other major new programs or initiatives in the 2022-2023 budget.

Additional Information

This financial report is designed to provide the readers with a general overview of FEF's finances and to demonstrate FEF's accountability for the money it receives. If you have questions about this report or need additional information, contact FEF's offices at 201 East Kennedy Boulevard, Suite 1525, Tampa, Florida 33602.

FLORIDA EDUCATION FUND, INC.

Statements of Net Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 887,705	741,060
Accrued investment income	33,666	33,542
Receivables and other assets	176,189	83,764
Investments	22,282,350	25,792,087
Right-of-use asset, net of accumulated amortization of \$156,704 and \$78,352 as of June 30, 2022 and 2021, respectively	97,939	176,291
Capital assets, net of accumulated depreciation of \$77,195 and \$76,454 as of June 30, 2022 and 2021, respectively	<u>1,900</u>	<u>19</u>
Total assets	<u>\$ 23,479,749</u>	<u>26,826,763</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 518,692	1,062,256
Accrued salaries, wages and related taxes	67,279	74,902
Other accrued liabilities	43,430	41,130
Deferred revenue	834,920	896,697
Lease liability	<u>105,763</u>	<u>183,250</u>
Total liabilities	1,570,084	2,258,235
Net position:		
Invested in capital assets	1,900	19
Restricted	65,594	43,400
Unrestricted	<u>21,842,171</u>	<u>24,525,109</u>
Total net position	<u>21,909,665</u>	<u>24,568,528</u>
Total liabilities and net position	<u>\$ 23,479,749</u>	<u>26,826,763</u>

FLORIDA EDUCATION FUND, INC.

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Grants, appropriations and contracts	\$ 4,426,412	4,168,888
Contributions, including restricted contributions of \$22,194 and \$23,400 in 2022 and 2021, respectively	160,229	287,855
Investment return, excluding unrealized gains (losses)	856,497	905,897
Program service fees	29,893	914
Other	1,528	2,857
Total operating revenues	5,474,559	5,366,411
Operating expenses:		
Program services:		
McKnight Doctoral Fellowships	2,455,579	2,548,131
McKnight Junior Faculty Fellowships	87,388	253,502
Centers of Excellence	802,592	585,237
Total operating expenses	3,345,559	3,386,870
Supporting services:		
General and administrative	402,042	472,766
Fundraising	15,065	15,518
Total operating expenses	417,107	488,284
Total operating expenses	3,762,666	3,875,154
Change in net position from operating activities	1,711,893	1,491,257
Other changes:		
Unrealized gains (losses) on investments	(4,370,756)	4,336,895
Change in net position	(2,658,863)	5,828,152
Net position, beginning of year	24,568,528	18,740,376
Net position, end of year	\$ 21,909,665	24,568,528

FLORIDA EDUCATION FUND, INC.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from grantors	\$ 4,272,210	4,014,280
Receipts from donors	160,229	287,855
Receipts from others	31,421	3,771
Interest and dividends	172,279	220,565
Payments to students	(2,532,499)	(2,086,991)
Payments to vendors	(663,130)	(361,647)
Payments for salaries, payroll taxes and employee benefits	<u>(1,036,831)</u>	<u>(1,012,106)</u>
Net cash provided by operating activities	403,679	1,065,727
Cash flows from capital and related financing activities:		
Principal payments under financing lease obligation	(77,487)	(71,393)
Furniture and equipment additions	<u>(2,622)</u>	<u>-</u>
Net cash used in capital and related financing activities	(80,109)	(71,393)
Cash flows from investing activities:		
Purchases of investment securities	(8,782,690)	(11,270,500)
Sales and maturities of investment securities	<u>8,605,765</u>	<u>10,892,117</u>
Net cash used in investing activities	<u>(176,925)</u>	<u>(378,383)</u>
Net increase in cash and cash equivalents	146,645	615,951
Cash and cash equivalents at beginning of year	<u>741,060</u>	<u>125,109</u>
Cash and cash equivalents at end of year	<u>\$ 887,705</u>	<u>741,060</u>
Reconciliation of change in net position from operating activities to net cash provided by operating activities:		
Change in net position from operating activities	\$ 1,711,893	1,491,257
Adjustments to reconcile change in net position from operating activities to net cash provided by operating activities:		
Depreciation and amortization	79,093	80,621
Net realized gains on investments	(684,094)	(692,014)
Noncash grant revenue	-	(61,976)
(Increase) decrease in accrued investment income	(124)	6,682
Increase in receivables and other assets	(92,425)	(30,430)
Increase (decrease) in accounts payable, accrued salaries, wages and related taxes, and other accrued liabilities	(548,887)	333,546
Decrease in deferred revenue	<u>(61,777)</u>	<u>(61,959)</u>
Net cash provided by operating activities	<u>\$ 403,679</u>	<u>1,065,727</u>

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements

June 30, 2022 and 2021

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization

The Florida Education Fund, Inc. (FEF) is a not-for-profit corporation created by *Florida Statute 240.498* effective July 1, 1987 to maintain and enhance higher education in the State of Florida through cooperation with institutions of higher learning in the State. FEF is a component unit of the State of Florida and is to be governed by a board comprised of 12 members that are appointed by the State of Florida and up to 5 members from the private sector who are appointed by the Board.

Gifts of \$10,000,000 from the McKnight Foundation and \$5,000,000 from the State of Florida were made over a period of two years, commencing July 1, 1985. As of July 1, 1987, the gifts and earnings which had accumulated on investments, totaling \$16,644,884, were transferred to FEF from the Florida Association of Colleges and Universities, Inc. It was the original intent that FEF would operate from investment earnings on the original amount of gifts. However, FEF has used a portion of these gifts to fund operations after receiving a legal interpretation from FEF's counsel that this was not prohibited.

(b) Reporting Entity

In defining FEF for financial reporting purposes, management has applied the requirements of GASB No. 14, *The Financial Reporting Entity*, and GASB No. 61, *The Financial Reporting Entity, Omnibus*. These statements establish the basis for the reporting entity and whether it is considered a component unit of another entity. FEF would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and: (1) is able to impose its will on the potential component unit and/or (2) is fiscally dependent and is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden relationship, regardless of whether the entity appoints the voting majority of the potential component unit's board. Chapter 1009.70 of the Florida Statutes requires that six of a minimum of twelve board members will be appointed by the Governor, the President of the Senate and the Speaker of the House of Representatives. FEF is financially dependent on an annual appropriation from the State of Florida to support the McKnight Doctoral Fellowship Program. Therefore, FEF meets the financial accountability criteria necessary to be considered a component unit of the State of Florida.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(c) Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, and the economic resources measurement focus, have been prepared to focus on Florida Education Fund, Inc. as a whole. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. FEF applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, in accounting and financial reporting for its operations. As allowed by governmental accounting standards, FEF has elected not to apply FASB pronouncements, and subsequent FASB Accounting Standards Codification guidance, issued after that date.

FEF follows the provisions of the Governmental Accounting Standards Board (GASB). Accordingly, FEF's financial statements are presented as an enterprise fund, as they are considered a special purpose government engaged solely in business-type activities.

(d) Operating Measure

The change in net position from operating activities represents the revenues designated to operate FEF, less expenses and other costs associated with FEF's operating activities. FEF does not budget unrealized gains (losses) related to its investment activities, and these amounts, therefore, are excluded from the change in net position from operating activities.

(e) Liquidity

Assets are presented in the accompanying statements of net position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

(f) Cash Equivalents

For purposes of the statements of cash flows, FEF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(g) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of net position. Investments in common collective trusts are reported at the net asset value (NAV) per share of the investment, as a practical expedient for a fair value measurement, if (a) the underlying investment manager's calculation of NAV is fair value based, and (b) the NAV has been calculated by the fund manager as of the Organization's fiscal year end date.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(h) Capital and Right-of-Use Assets

Capital assets consist of furniture and equipment and are stated at cost. Right-of-use lease assets are recorded at the present value of the related lease obligation. Depreciation of capital assets and amortization of right-of-use assets are calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 10 years.

(i) Deferred Revenue

Deferred revenue represents funds received from governmental appropriations and other contracts which have not been earned at June 30, 2022 and 2021, respectively.

(j) Restricted Net Position

The use of certain assets is restricted by donors. Until such time as the assets are expended for their restricted purpose, they are classified as restricted net position in the statements of net position.

(k) Functional Allocation of Expenses

The costs of providing the various programs, fund raising and other activities include certain costs which have been allocated to the programs and fund-raising activities benefitted.

(l) Income Taxes

Florida Education Fund, Inc. is generally exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

(m) Use of Estimates

The preparation of financial statements requires management of FEF to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

(n) New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, followed by GASB Statement No. 95 in May 2020 delaying the effective date to the Organization's fiscal year beginning July 1, 2021. GASB Statement No. 87 enhances the relevance and consistency of information of the Organization's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(n) New Accounting Pronouncements - Continued

These changes were incorporated in the Organization’s 2022 financial statements and were retroactively applied to restate the 2021 financial statements presented on a comparative basis. Adoption of the standard resulted in the recognition of a right-of-use asset and lease liability in the amount of \$254,643 as of July 1, 2020 (the earliest period presented). In addition, adoption of GASB No. 87 resulted in a \$6,959 increase in operating expenses for the year ended June 30, 2021 and a corresponding decrease to FEF’s net position as of June 30, 2021 of \$6,959.

(2) Cash, Cash Equivalents and Investments

At June 30, 2022 and 2021, the carrying amount of FEF’s bank deposits were \$887,705 and \$741,060 respectively, and the bank balances totaled \$983,344 and \$879,693 respectively. The bank balances, excluding the uninvested cash in money market savings accounts included in the investments below, were covered by federal depository insurance or were insured through the State of Florida public depository collateral pool.

As of June 30, 2022, FEF had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Common stock	N/A	\$ 6,620,445
Equity mutual funds	N/A	4,355,548
Exchange traded funds	N/A	603,381
Corporate bonds	December 2022 - June 2050	2,636,286
Fixed income mutual funds	N/A	1,051,940
U.S. Treasury Notes	March 2023 - May 2042	1,224,817
Federal National Mortgage Association	January 2035 - June 2052	658,435
Federal Home Loan Mortgage Corp.	August 2041 - March 2052	140,219
Government authority bonds	July 2023 - December 2052	592,368
Collective trust fund	N/A	3,427,412
Uninvested cash - money market mutual funds and bank notes	N/A	971,499
		<u>\$ 22,282,350</u>

FEF’s investment policy authorizes investments in U.S. government obligations and direct obligations of U.S. government agencies, short term money market accounts composed of treasury bills, certificates of deposit and bankers’ acceptance notes, and equities. The policy specifically prohibits investment in certain items such as short sales, letter stock, private placements, leveraged transactions, securities not readily marketable, limited partnerships, and non-U.S. dollar denominated securities. However, the board of directors may grant specific exceptions from time to time.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(2) Cash, Cash Equivalents and Investments - Continued

The components of net investment return for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Investment income	\$ 355,435	367,890
Net realized gains	684,094	692,014
Net unrealized gains (losses)	<u>(4,370,756)</u>	<u>4,336,895</u>
	(3,331,227)	5,396,799
Investment fees	<u>(183,032)</u>	<u>(154,007)</u>
	<u>\$ (3,514,259)</u>	<u>5,242,792</u>

(a) Interest Rate Risk

FEF does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses from increasing interest rates. FEF has no investments that include embedded options in which an issuer could call their obligation or change the interest rate.

(b) Credit Risk

FEF's investment policy limits investments to an asset allocation of 60% equities, 30% fixed income and 10% cash and cash equivalents. The equities and bond managers may assign no more than 5% of their funds to any one issue. A fluctuation of 10% above or below approved asset allocation percentages are considered reasonable due to market value fluctuations. The cash and cash equivalents allocation was approximately 5% at June 30, 2022. The investment policy includes a desired investment objective of a long-term rate of return on assets that is at least 8.5%.

The uninvested cash in money market savings accounts is held by an institution which is insured through the State of Florida public depository collateral pool. Certain government authority bonds representing 1.28% of total investments are not rated by a nationally recognized statistical rating agency.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(2) Cash, Cash Equivalents and Investments - Continued

(b) Credit Risk - Continued

The distribution of securities with credit exposure as a percentage of total investments is as follows:

<u>Investment</u>	<u>Credit Rating</u>	<u>Percentage of Total Investments</u>
Corporate bonds	AAA	0.84%
Corporate bonds	AA	2.97%
Corporate bonds	A	2.99%
Corporate bonds	BBB	4.86%
Federal National Mortgage Association	AA	2.96%
Federal Home Loan Mortgage Corp.	AA	0.63%
Government authority bonds	AAA	0.00%
Government authority bonds	AA	1.18%
Government authority bonds	A	0.08%
Government authority bonds	BBB	0.12%
Government authority bonds	No rating	1.28%
U.S. Treasury Notes	AAA	0.00%
U.S. Treasury Notes	AA	5.32%
U.S. Treasury Notes	A	0.18%

(c) Custodial Credit Risk

FEF does not have a formal investment policy that addresses custodial credit risk.

(d) Concentration of Market Risk

FEF has a formal investment policy that limits the amount that FEF may invest in any one equity issue as no more than 5% of their respective equity funds.

(e) Foreign Currency Risk

FEF's investment policy prohibits investments in non-U.S. dollar denominated securities.

(3) Unrestricted Net Position

Unrestricted net position consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Net position	\$ 6,842,171	9,525,109
Contribution - State of Florida	5,000,000	5,000,000
Contribution - McKnight Foundation	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 21,842,171</u>	<u>24,525,109</u>

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(4) Line of Credit

FEF has a line of credit available with a bank which allows FEF to borrow up to \$2,000,000 at 2.55% interest at June 30, 2022. Amounts drawn on the line of credit are due on demand. The outstanding balance on the line of credit was \$0 at June 30, 2022 and 2021. The line of credit is collateralized by substantially all of the assets of FEF. There was no activity on the line of credit for the year ended June 30, 2022.

(5) Lease Commitments

FEF has month-to-month cancellable leases for a postage meter and for parking. Lease expense under these month-to-month leases for the years ended June 30, 2022 and 2021 was \$15,656 and \$17,864, respectively.

In addition, FEF was obligated under one long-term lease at June 30, 2022 and 2021 for its office space which expires September 30, 2023. Remaining monthly payments due under this lease range from \$7,085 to \$7,298. In accordance with GASB 87, FEF has recorded the present value of remaining lease payments using a discount rate of 5%, FEF's incremental borrowing rate. The gross capitalized right-of-use asset and related accumulated amortization related to the lease at June 30, 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Right-of-use asset	\$ 254,643	254,643
Accumulated amortization	<u>(156,704)</u>	<u>(78,352)</u>
	<u>\$ 97,939</u>	<u>176,291</u>

Annual requirements to amortize the long-term lease obligation and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 83,961	2,972
2024	<u>21,802</u>	<u>90</u>
	<u>\$ 105,763</u>	<u>3,062</u>

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(6) Grants, Appropriations and Contracts

The following is a summary of grants, appropriations, and contracts earned during the years ended June 30, 2022 and 2021:

	2022	2021
State:		
McKnight Centers of Excellence	\$ 300,000	300,000
McKnight Doctoral Fellowships	3,500,000	3,500,000
The College Board	10,000	10,000
Opa-Locka Community Development Corp.	482,297	228,618
Children's Board Wimauma	18,517	3,527
Children's Board Gibsonton	25,320	2,808
Children's Board ONE	28,500	-
Paycheck Protection Program loan forgiveness	-	61,976
Other	61,778	61,959
	\$ 4,426,412	4,168,888

(7) Retirement Plan

FEF has adopted a single employer-defined contribution plan under Internal Revenue Code Section 403(b). FEF's Board of Directors authorizes contributions at their discretion on behalf of all eligible participants. Participating employees can make elective contributions that are limited by the Internal Revenue Code. Contributions of approximately \$88,000 and \$54,000 were made by FEF during the years ended June 30, 2022 and 2021, respectively.

(8) Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, FEF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability as follows:

Level 1: Valuations for assets and liabilities traded in active exchange markets as of the reporting date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations are determined through inputs other than quoted prices in active markets that are observable either directly or indirectly for similar assets and liabilities.

Level 3: Valuations are determined through inputs which are based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurement.

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(8) Fair Value Measurements - Continued

GASB requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values for common stocks and equity mutual funds and fixed income mutual funds are based on quoted prices for identical assets in active markets. Fair values for corporate debt securities and U.S. government and agency securities when available are based on quoted prices for similar assets in markets that may not be active. Common collective trusts and alternative investments are public and private investment vehicles valued using the unit price provided by the fund, minus its liabilities, and then divided by the number of shares or units outstanding.

Investments that are measured at fair value using the net asset value (or its equivalent) practical expedient have not been classified in the fair value hierarchy below. The following tables reconcile the Organization's investments at fair value within the fair value hierarchy to total investments at fair value as reported in the accompanying statements of net position as of June 30, 2022 and 2021, respectively.

FEF has the following recurring fair value measurements as of June 30, 2022:

<u>Description</u>	<u>Fair Value Measurements at June 30, 2022</u>			
	<u>Fair Value as of June 30, 2022</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured at fair value:				
Money market funds	\$ 971,499	971,499	-	-
Equity securities:				
U.S. large cap	9,509,829	9,509,829	-	-
U.S. mid cap	410,405	410,405	-	-
U.S. small cap	249,285	249,285	-	-
International	529,273	529,273	-	-
Emerging markets	266,162	266,162	-	-
Other	11,039	11,039	-	-
Debt securities:				
Corporate bonds	2,636,286	-	2,636,286	-
Fixed income mutual funds	1,051,940	1,051,940	-	-
U.S. government and agency obligations	2,615,839	-	2,615,839	-
Other:				
Exchange traded funds	603,381	603,381	-	-
	<u>18,854,938</u>	<u>13,602,813</u>	<u>5,252,125</u>	<u>-</u>
Investments measured at NAV:				
Common collective trust	<u>3,427,412 (a)</u>			
	<u>\$ 22,282,350</u>			

FLORIDA EDUCATION FUND, INC.

Notes to Financial Statements - Continued

(8) Fair Value Measurements - Continued

FEF has the following recurring fair value measurements as of June 30, 2021:

<u>Description</u>	<u>Fair Value Measurements at June 30, 2021</u>			
	<u>Fair Value as of June 30, 2021</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured at fair value:				
Money market funds	\$ 692,165	692,165	-	-
Equity securities:				
U.S. large cap	9,809,866	9,809,866	-	-
U.S. mid cap	1,303,965	1,303,965	-	-
U.S. small cap	667,785	667,785	-	-
International	956,572	956,572	-	-
Emerging markets	695,599	695,599	-	-
Other	43,668	43,668	-	-
Debt securities:				
Corporate bonds	3,573,515	-	3,573,515	-
Fixed income mutual funds	576,327	576,327	-	-
U.S. government and agency obligations	2,911,920	-	2,911,920	-
Other:				
Exchange traded funds	524,495	524,495	-	-
Real estate investment trust	57,336	57,336	-	-
	<u>21,813,213</u>	<u>15,327,778</u>	<u>6,485,435</u>	<u>-</u>
Investments measured at NAV:				
Common collective trust	<u>3,978,874 (a)</u>			
	<u>\$ 25,792,087</u>			

(a) *Common Collective Trust*: This type includes common trust funds for the collective investment of assets of the fund manager's institutional trust clients. The fund is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 3000® Index.

(9) Contingencies

FEF is subject to audit and/or examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes FEF is in compliance with the terms of its grant agreements.

(10) Subsequent Events Review

FEF has evaluated subsequent events through March 13, 2023, the date the financial statements were available for issuance.

FLORIDA EDUCATION FUND, INC.

Schedule of Operating Activities by Program

**Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	Program Services				Supporting Services			Total	
	McKnight Doctoral Fellowships	McKnight Junior Faculty Fellowships	Centers of Excellence	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2022	2021
	Operating revenues:								
Grants, appropriations, and contracts	\$ 3,561,778	-	864,634	4,426,412	-	-	-	4,426,412	4,168,888
Contributions	5,119	-	125,850	130,969	-	29,260	29,260	160,229	287,855
Investment return	856,497	-	-	856,497	-	-	-	856,497	905,897
Program service fees	24,955	-	4,938	29,893	-	-	-	29,893	914
Other	-	-	-	-	1,528	-	1,528	1,528	2,857
Total operating revenues	4,448,349	-	995,422	5,443,771	1,528	29,260	30,788	5,474,559	5,366,411
Operating expenses:									
Student support:									
McKnight Doctoral Fellowships	1,839,706	-	-	1,839,706	-	-	-	1,839,706	2,015,656
McKnight Junior Faculty Fellowships	-	73,967	-	73,967	-	-	-	73,967	240,000
Centers of Excellence	-	-	70,788	70,788	-	-	-	70,788	168,078
Operating expenses:									
Salaries and related expenses	502,374	12,734	269,403	784,511	231,918	12,779	244,697	1,029,208	1,011,567
Professional fees	25,801	215	4,665	30,681	116,724	431	117,155	147,836	144,467
Contract services	-	-	367,648	367,648	7,525	-	7,525	375,173	77,963
Office supplies	-	-	5,876	5,876	2,251	-	2,251	8,127	12,784
Printing and copying	380	-	1,324	1,704	852	-	852	2,556	632
Postage and shipping	742	5	40	787	797	10	807	1,594	1,833
Occupancy costs	11,739	75	8,015	19,829	8,617	144	8,761	28,590	28,501
Telephone	4,136	28	2,602	6,766	986	58	1,044	7,810	9,939
Dues, memberships, and subscriptions	-	-	5,978	5,978	7,399	-	7,399	13,377	16,551
Advertising	-	-	4,117	4,117	-	-	-	4,117	1,407
Travel	2,500	-	1,350	3,850	375	-	375	4,225	1,417
Hotel and meals	-	-	1,776	1,776	2,207	-	2,207	3,983	2,153
Depreciation	519	4	63	586	148	7	155	741	2,269
Amortization	61,598	331	5,203	67,132	10,613	607	11,220	78,352	78,352
Interest	5,435	29	459	5,923	936	56	992	6,915	10,549
Other	649	-	53,285	53,934	10,694	973	11,667	65,601	51,036
Total operating expenses	2,455,579	87,388	802,592	3,345,559	402,042	15,065	417,107	3,762,666	3,875,154
Changes in net position from operating activities	\$ 1,992,770	(87,388)	192,830	2,098,212	(400,514)	14,195	(386,319)	1,711,893	1,491,257

See accompanying independent auditors' report.

**REPORTS AND SCHEDULES AS REQUIRED BY CHAPTER 10.650,
*RULES OF THE AUDITOR GENERAL***



**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***

The Board of Directors
Florida Education Fund, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Education Fund, Inc., a component unit of the State of Florida, (the “Organization”), which comprise the statement of net position as of June 30, 2022 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Education Fund Inc.’s internal control over financial reporting (internal control) as a basis for designing 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 Education Fund Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Education Fund 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Education Fund 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 financial statements. 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.

Mayer Hoffman McCann P.C.

March 13, 2023
St. Petersburg, Florida



**Independent Auditors’ Report on Compliance for Each Major State Project
and on Internal Control Over Compliance Required by Chapter 10.650,
*Rules of the Auditor General***

The Board of Directors
Florida Education Fund, Inc.:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Florida Education Fund, Inc.’s, a component unit of the State of Florida, (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on Florida Education Fund, Inc.’s major state project for the year ended June 30, 2022. Florida Education Fund, Inc.’s major state project is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florida Education Fund, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); 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*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Florida Education Fund, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of Florida Education Fund, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Florida Education Fund, Inc.’s state project.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on Florida Education Fund, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Florida Education Fund, Inc.'s compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Florida Education Fund, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Florida Education Fund, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Florida Education Fund, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

March 13, 2023
St. Petersburg, Florida

FLORIDA EDUCATION FUND, INC.

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Contract/ Grant Number</u>	<u>State CSFA Number</u>	<u>Current Year Expenditures</u>	<u>Transfers to Subrecipients</u>
<i>Department of Education and Commissioner of Education</i>				
Florida Education Fund				
Fiscal 2021-2022 Specific Appropriation 74	n/a	48.070	\$ <u>3,500,000</u>	<u>-</u>
Subtotal - Department of Education and Commissioner of Education			<u>3,500,000</u>	<u>-</u>
Total expenditures of state financial assistance			\$ <u><u>3,500,000</u></u>	<u><u>-</u></u>

FLORIDA EDUCATION FUND, INC.

Notes to Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2022

(1) General

The accompanying schedule of expenditures of state financial assistance presents the activity of all state projects of Florida Education Fund, Inc. All state projects passed through other government agencies are included in the accompanying schedule.

(2) Basis of Presentation

The accompanying schedule of expenditures of state financial assistance 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

FLORIDA EDUCATION FUND, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

(A) Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Florida Education Fund, Inc.
2. No material weaknesses or significant deficiencies in internal control relating to the audit of the financial statements were disclosed in the 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*.
3. No instances of noncompliance material to the financial statements of Florida Education Fund, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major state project are reported in the Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
5. The auditors' report on compliance for the major state project for Florida Education Fund, Inc. expresses an unmodified opinion on the major state project.
6. Audit findings, if any, that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*, are reported in Part C. of this schedule.
7. The project tested as a major state project was:
Florida Education Fund (CSFA 48.070)
8. The threshold for distinguishing Types A and B projects was \$750,000 for major state projects.

(B) Findings - Audit of Financial Statements

None.

(C) Findings and Questioned Costs - Major State Financial Assistance Project Audit

None.

(D) Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to state projects.



The Board of Directors
Florida Education Fund, Inc.:

Report on Financial Statements

We have audited the financial statements of Florida Education Fund, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated March 13, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 State of Florida Auditor General*.

Other Reports and Schedule

We have issued our 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*, our Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 13, 2023, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we identified the following such finding:

Turnover of Key Accounting Staff

In Fiscal 2022, the Organization experienced turnover of its Finance Director position and a new Finance Director was hired shortly thereafter. However, the Organization experienced delays in interim financial reporting and in preparing for the annual audit. We recommend that management expand its written policies and procedures to facilitate interim financial reporting during the transition of the Finance Director position. This will enable the Organization to avoid delays in interim financial reporting and in finalizing the annual audit of its financial statements.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

March 13, 2023
St. Petersburg, Florida