

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

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022



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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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit 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. 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 Florida Keys Educational Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

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 Florida Keys Educational Foundation, Inc.'s ability to continue as a going concern within 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 Florida Keys Educational Foundation, Inc.'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 Florida Keys Educational Foundation, Inc.'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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, 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* in considering Florida Keys Educational Foundation, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
June 29, 2023

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 235,019	\$ 614,555
Investments	6,138,728	6,616,716
Accounts Receivable	30,275	20,260
Pledge Receivable, Current Portion, Net	93,439	91,430
Prepaid Expenses	40,000	40,000
Total Current Assets	6,537,461	7,382,961
NONCURRENT ASSETS		
Investment Club Fund	549	549
Pledges Receivable, Less Current Portion, Net	-	91,430
Property and Equipment, Net	-	2,715
Land	43,774	43,774
Inventory	-	22,850
Total Noncurrent Assets	44,323	161,318
Total Assets	\$ 6,581,784	\$ 7,544,279
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 15,080	\$ 32,459
Total Current Liabilities	15,080	32,459
NET ASSETS		
Without Donor Restrictions:		
Board-Designated for Endowment	981,993	1,162,349
Board-Designated for Marine Equipment	-	22,850
Undesignated	(102,971)	(39,976)
Total Without Donor Restrictions	879,022	1,145,223
With Donor Restrictions	5,687,682	6,366,597
Total Net Assets	6,566,704	7,511,820
Total Liabilities and Net Assets	\$ 6,581,784	\$ 7,544,279

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 176,108	\$ 397,898	\$ 574,006
Net Investment Income	(99,125)	(343,614)	(442,739)
Net Assets Released from Restrictions	733,199	(733,199)	-
Total Revenues	810,182	(678,915)	131,267
EXPENSES AND LOSSES			
Program Services	938,567	-	938,567
Management and General	80,338	-	80,338
Fundraising	34,628	-	34,628
Total Expenses	1,053,533	-	1,053,533
Loss on Disposal of Inventory	22,850	-	22,850
Total Expenses and Losses	1,076,383	-	1,076,383
CHANGE IN NET ASSETS	(266,201)	(678,915)	(945,116)
Net Assets - Beginning of Year	1,145,223	6,366,597	7,511,820
NET ASSETS - END OF YEAR	\$ 879,022	\$ 5,687,682	\$ 6,566,704

See accompanying Notes to Financial Statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 160,424	\$ 581,387	\$ 741,811
Net Investment Income	56,991	381,945	438,936
Net Assets Released from Restrictions	1,077,350	(1,077,350)	-
Total Revenues	1,294,765	(114,018)	1,180,747
EXPENSES AND LOSSES			
Program Services	1,265,818	-	1,265,818
Management and General	78,960	-	78,960
Fundraising	33,701	-	33,701
Total Expenses	1,378,479	-	1,378,479
CHANGE IN NET ASSETS	(83,714)	(114,018)	(197,732)
Net Assets - Beginning of Year	1,228,937	6,480,615	7,709,552
NET ASSETS - END OF YEAR	\$ 1,145,223	\$ 6,366,597	\$ 7,511,820

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
College Program Support	\$ 739,449	\$ 44,817	\$ 25,055	\$ 809,321
Scholarship Program	170,296	-	-	170,296
Professional Fees	-	31,921	-	31,921
Fundraising	-	-	9,573	9,573
Office and Operating Supplies	19,138	-	-	19,138
Postage	-	57	-	57
Depreciation	2,715	-	-	2,715
Sponsorships	-	2,063	-	2,063
Software	6,969	-	-	6,969
Insurance	-	877	-	877
Miscellaneous	-	603	-	603
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 938,567</u>	<u>\$ 80,338</u>	<u>\$ 34,628</u>	<u>\$ 1,053,533</u>

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
College Program Support	\$ 961,410	\$ 44,817	\$ 25,055	\$ 1,031,282
Scholarship Program	282,708	-	-	282,708
Professional Fees	-	30,524	-	30,524
Fundraising	-	-	8,646	8,646
Office and Operating Supplies	12,527	-	-	12,527
Postage	-	140	-	140
Depreciation	2,720	-	-	2,720
Sponsorships	-	765	-	765
Software	6,453	-	-	6,453
Insurance	-	860	-	860
Miscellaneous	-	1,854	-	1,854
	<u>\$ 1,265,818</u>	<u>\$ 78,960</u>	<u>\$ 33,701</u>	<u>\$1,378,479</u>
Total Expenses	<u>\$ 1,265,818</u>	<u>\$ 78,960</u>	<u>\$ 33,701</u>	<u>\$1,378,479</u>

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (945,116)	\$ (197,732)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Unrealized (Gain) Loss on Investments	762,381	(87,251)
Realized (Gain) Loss on Investments	(142,290)	(151,195)
Contribution for Endowment	(2,320)	(92,933)
Depreciation	2,715	2,720
(Increase) Decrease in Assets:		
Accounts Receivable	(10,015)	22,534
Pledge Receivable	89,421	100,000
Increase (Decrease) in Liabilities:		
Accounts Payable	(17,379)	1,617
Net Cash Used by Operating Activities	(239,753)	(402,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Reinvested	(209,316)	(236,132)
Purchase of Investments	(640,780)	(360,064)
Proceeds from Sale of Investments	707,993	403,507
Net Cash Used by Investing Activities	(142,103)	(192,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution for Endowment	2,320	92,933
NET CHANGE IN CASH AND CASH EQUIVALENTS	(379,536)	(501,996)
Cash and Cash Equivalents - Beginning of Year	614,555	1,116,551
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 235,019	\$ 614,555

See accompanying Notes to Financial Statements.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2023 and 2022, amount to \$-0- and \$22,850, respectively. No in-kind donations were received in 2023 or in 2022.

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, 2023 and 2022, the Foundation considered all receivables to be collectible and no allowances have been recorded.

Pledges Receivable

Pledges receivable are unconditional promises to give due to the Foundation. 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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Florida Keys Educational Foundation, Inc. determines if an arrangement is a lease at inception. Operating leases are included in the statements of financial position as an operating lease right-of-use (ROU) assets and operating lease liability. Finance leases are included in the statements of financial position as finance lease ROU assets and finance lease liability.

The Florida Keys Educational Foundation, Inc. has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position. As of March 31, 2023, the Center did not have leases that require financial statement disclosure.

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.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022. 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 assets are placed in service.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$335,000 were received from two donors. Should the contribution level decrease, the Foundation could be adversely affected.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Florida Keys Educational Foundation, Inc. adopted the requirements of the guidance effective April 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

Florida Keys Educational Foundation, Inc. has elected to adopt the package of practical expedients available in the year of adoption. Florida Keys Educational Foundation, Inc. has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets. The adoption of this ASU did not result in a material impact on the Organization's financial statements.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on June 29, 2023

NOTE 2 PLEDGE RECEIVABLE

The following is a summary of the Foundation's pledge receivable at March 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 100,000	\$ 100,000
One to Five Years	-	100,000
Gross Pledge Receivable	100,000	200,000
Less: Allowance for Doubtful Accounts	(6,561)	(17,140)
Total Pledge Receivable, Net	\$ 93,439	\$ 182,860

NOTE 3 INVESTMENTS

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

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Mutual Funds - Equities	\$ 1,290,223	\$ 1,438,566	\$ 5,909,934	\$ 3,998,949
Mutual Funds - Fixed Income	4,848,505	3,583,659	706,782	734,574
Total Investments	\$ 6,138,728	\$ 5,022,225	\$ 6,616,716	\$ 4,733,523

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

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.

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, 2023:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Mutual Funds - Equities	\$ 1,290,223	\$ -	\$ -
Mutual Funds - Fixed Income	4,848,505	-	-
Total Investments	<u>\$ 6,138,728</u>	<u>\$ -</u>	<u>\$ -</u>

Assets and liabilities measured at fair value on a recurring basis are summarized below as of March 31, 2022:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Mutual Funds - Equities	\$ 5,909,934	\$ -	\$ -
Mutual Funds - Fixed Income	706,782	-	-
Total Investments	<u>\$ 6,616,716</u>	<u>\$ -</u>	<u>\$ -</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2023 and 2022, the Foundation's endowment included 29 and 27, respectively, individual funds established for the purposes of scholarships and college support and 2 for operating support in 2023 and 2022. 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.

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowments:			
Scholarship Program	\$ -	\$ 1,442,423	\$ 1,442,423
College Program Support	208,635	982,219	1,190,854
Accumulated Earnings Invested	132,573	1,480,891	1,613,464
Operating Endowment	640,785	-	640,785
Total Endowment	<u>\$ 981,993</u>	<u>\$ 3,905,533</u>	<u>\$ 4,887,526</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowments:			
Scholarship Program	\$ -	\$ 1,442,423	\$ 1,442,423
College Program Support	206,635	982,219	1,188,854
Accumulated Earnings Invested	158,347	1,787,526	1,945,873
Operating Endowment	797,367	-	797,367
Total Endowment	<u>\$ 1,162,349</u>	<u>\$ 4,212,168</u>	<u>\$ 5,374,517</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at			
Beginning of Year	\$ 1,162,349	\$ 4,212,168	\$ 5,374,517
Investment Income:			
Dividends and Interest	27,249	182,067	209,316
Investment Fees	(4,161)	(27,802)	(31,963)
Realized Gain on Sale of Investments, Net	18,523	123,767	142,290
Unrealized Loss on Investments	(84,778)	(566,330)	(651,108)
Net Investment Income	(43,167)	(288,298)	(331,465)
New Gifts	2,000	320	2,320
Spending Policy Distributions	(90,112)	(67,734)	(157,846)
Endowment at End of Year	<u>\$ 1,031,070</u>	<u>\$ 3,856,456</u>	<u>\$ 4,887,526</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at			
Beginning of Year	\$ 1,140,081	\$ 3,949,281	\$ 5,089,362
Investment Income:			
Dividends and Interest	30,739	205,393	236,132
Investment Fees	(4,640)	(31,002)	(35,642)
Realized Gain on Sale of Investments, Net	19,682	131,513	151,195
Unrealized Gain on Investments	6,766	(62,429)	(55,663)
Net Investment Income	52,547	243,475	296,022
New Gifts	3,000	89,933	92,933
Spending Policy Distributions	(33,279)	(70,521)	(103,800)
Endowment at End of Year	<u>\$ 1,162,349</u>	<u>\$ 4,212,168</u>	<u>\$ 5,374,517</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.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

Interpretation of Uniform Prudent Management of Institutional Funds (Continued)

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

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.

**FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 ENDOWMENT COMPOSITION (CONTINUED)

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, 2023 and 2022.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2023 and 2022, consists of the following:

	2023	2022
Software	\$ 27,195	\$ 27,195
Less: Accumulated Depreciation	(27,195)	(24,480)
Total	\$ -	\$ 2,715

Depreciation expense as of March 31, 2023 and 2022, is \$2,715 and \$2,720, respectively.

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specific Purpose:		
Scholarships Programs	\$ 293,311	\$ 348,250
College/Program Support	1,488,289	1,805,630
Investment Club	549	549
Total	<u>1,782,149</u>	<u>2,154,429</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	586,540	781,083
College/Program Support	894,351	1,006,443
Total	<u>1,480,891</u>	<u>1,787,526</u>
Total Endowments	<u>3,905,533</u>	<u>4,212,168</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,687,682</u>	<u>\$ 6,366,597</u>

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:

	<u>2023</u>	<u>2022</u>
Scholarship Programs	\$ 170,295	\$ 282,708
College/Program Support	562,904	794,642
Total Net Assets Released from Restrictions	<u>\$ 733,199</u>	<u>\$ 1,077,350</u>

FLORIDA KEYS EDUCATIONAL FOUNDATION, INC.
DBA: CFK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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 \$23,220 and \$1,140 for the years ended March 31, 2023, and 2022, respectively.

The Foundation also had related-party transactions from The College of the Florida Keys during the year. The Foundation received approximately \$20,000 and \$22,000 in contributions for the years ended March 31, 2023, and 2022, respectively. The Foundation incurred approximately \$991,000 and \$839,000 in expenditures to The College of the Florida Keys for the years ended March 31, 2023, and 2022, respectively. For the years ended March 31, 2023, and 2022, the Foundation had approximately \$6,000 and \$18,800, 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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 235,019	\$ 614,555
Accounts Receivable	30,275	20,260
Pledge Receivable	93,439	91,430
Investments	6,138,728	6,616,716
Less Amounts		
With Donor Restrictions	(5,687,682)	(6,183,737)
With Board Designations	(981,993)	(1,162,349)
Total	<u>\$ (172,214)</u>	<u>\$ (3,125)</u>

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



**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. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, 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 June 29, 2023.

Report on 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) 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 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 that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

Report on 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 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 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
June 29, 2023