

**THE EDUCATION FOUNDATION OF**  
**COLLIER COUNTY, INC.**  
**(D/B/A CHAMPIONS FOR LEARNING)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 and 2021**

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

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**JUNE 30, 2022 and 2021**

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## INDEPENDENT AUDITORS' REPORT

Nathan A. Phillips, CPA  
Stephanie J. Feldman, CPA  
Deborah L. Harvey, CPA (*Decd*)

David N. Phillips, CPA, MBA  
Michelle V. Schalmo, CPA  
Shannon Huber, CPA  
Courtney L. Cound, CPA  
Keith S. Boyle, CPA

December 6, 2022

To the Board of Directors  
THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)  
Naples, Florida

### Opinion

We have audited the accompanying financial statements of THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING as of June 30, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING 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.

### 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 THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)  
December 6, 2022

### **Auditor's 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 auditor's 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 generally accepted 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 generally accepted 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 THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING'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 THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING'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.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

## **FINANCIAL STATEMENTS**

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,430,568	\$ 2,039,307
Contributions receivable (Note 3)	237,535	469,408
Prepaid expenses and other	21,033	20,537
Certificate of deposit (Note 2)	-	103,989
Prepaid scholarships (Note 4)	3,956,735	3,857,241
Endowment Fund (Notes 5 and 12)	958,608	1,036,741
Property and equipment, net (Note 7)	<u>2,017,901</u>	<u>2,007,807</u>
<b>Total Assets</b>	<u><u>\$ 9,622,380</u></u>	<u><u>\$ 9,535,030</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses (Note 8)	<u>29,128</u>	<u>105,077</u>
<b>Total Liabilities</b>	<u>29,128</u>	<u>105,077</u>
Net Assets:		
Without donor restrictions:		
Undesignated	973,156	1,301,374
Investment in property and equipment	2,017,901	2,007,807
Designated (Note 11)	<u>500,000</u>	<u>500,000</u>
	3,491,057	3,809,181
With donor restrictions (Note 10)	<u>6,102,195</u>	<u>5,620,772</u>
<b>Total Net Assets</b>	<u>9,593,252</u>	<u>9,429,953</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 9,622,380</u></u>	<u><u>\$ 9,535,030</u></u>

The accompanying notes are an integral part of these financial statements.

THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>Support and Revenues:</b>		
Donations and grants - financial assets	\$ 2,121,563	\$ 1,992,286
Contributions of nonfinancial assets	505,098	600,580
Special events - financial assets, net of costs of \$291,830 and \$105,468, respectively	215,065	302,448
Paycheck Protection Program loan forgiveness	-	247,785
Interest income and other, net of unrealized (losses) and gains	<u>(106,909)</u>	<u>220,457</u>
	2,734,817	3,363,556
<b>Net assets released from restrictions:</b>		
Satisfaction of purpose and time restrictions (Note 10)	<u>806,944</u>	<u>1,173,285</u>
<b>Total Support and Revenues Without Donor Restrictions</b>	<u>3,541,761</u>	<u>4,536,841</u>
<b>Expenses:</b>		
<b>Program Services:</b>		
Student	1,611,030	1,412,091
Teacher and educator	581,387	628,506
Community engagement	<u>794,035</u>	<u>596,851</u>
<b>Total Program Services</b>	<u>2,986,452</u>	<u>2,637,448</u>
<b>Supporting Services:</b>		
General and administrative	228,454	231,724
Fundraising	<u>644,979</u>	<u>525,132</u>
<b>Total Supporting Services</b>	<u>873,433</u>	<u>756,856</u>
<b>Total Expenses</b>	<u>3,859,885</u>	<u>3,394,304</u>
<b>(Decrease) Increase in Net Assets without Donor Restrictions</b>	(318,124)	1,142,537
<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<u>3,809,181</u>	<u>2,666,644</u>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<u>\$ 3,491,057</u>	<u>\$ 3,809,181</u>

The accompanying notes are an integral part of these financial statements.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**STATEMENTS OF ACTIVITIES (Continued)**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Donations and grants - financial assets	\$ 799,431	\$ 997,398
Florida prepaid scholarships	389,442	228,473
Plus: Appreciation (depreciation), net of usage, of the Florida Prepaid Scholarships (Note 4)	99,494	(77,629)
Less: Satisfaction of purpose restrictions (Note 10)	<u>(806,944)</u>	<u>(1,173,285)</u>
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	481,423	(25,043)
<b>Net Assets With Donor Restrictions, Beginning of Year</b>	<u>5,620,772</u>	<u>5,645,815</u>
<b>Net Assets With Donor Restrictions, End of Year</b>	<u>\$ 6,102,195</u>	<u>\$ 5,620,772</u>
<b>CHANGES IN TOTAL NET ASSETS:</b>		
<b>Net Assets, Beginning of Year</b>	\$ 9,429,953	\$ 8,312,459
<b>Increase in Net Assets</b>	<u>163,299</u>	<u>1,117,494</u>
<b>Net Assets, End of Year</b>	<u>\$ 9,593,252</u>	<u>\$ 9,429,953</u>

The accompanying notes are an integral part of these financial statements.



**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services				Supporting Services			Totals
	Student	Teachers & Educator	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2022
<b>Direct Program Costs:</b>								
Materials	\$ 45,182	\$ 100,050	\$ 60,258	\$ 205,490	\$ -	\$ -	\$ -	\$ 205,490
Future Ready Collier (Consulting)	-	-	53,968	53,968	-	-	-	53,968
Contributed Nonfinancial Assets	162,483	-	130,328	292,811	-	205,212	205,212	498,023
Grants, Awards & Scholarships	375,964	141,853	26,313	544,130	-	-	-	544,130
	583,629	241,903	270,867	1,096,399	-	205,212	205,212	1,301,611
<b>Allocated Costs:</b>								
Accounting & Banking Services	5,773	1,908	2,940	10,621	1,284	2,471	3,755	14,376
Salaries, Wages, Benefits & Taxes	807,138	266,703	411,008	1,484,849	179,477	345,488	524,965	2,009,814
Insurance	9,171	3,030	4,670	16,871	2,039	3,925	5,964	22,835
Office Supplies	14,342	4,739	7,303	26,384	3,189	6,139	9,328	35,712
Volunteer & Staff Support	1,490	492	759	2,741	331	638	969	3,710
Meetings & Conferences	4,171	1,378	2,124	7,673	927	1,785	2,712	10,385
Copying & Printing	10,325	3,412	5,257	18,994	2,296	4,419	6,715	25,709
Computer Services	40,051	13,234	20,394	73,679	8,906	17,143	26,049	99,728
Professional Services	50,044	16,536	25,483	92,063	11,128	21,421	32,549	124,612
Facility Operations	40,175	13,275	20,457	73,907	8,933	17,196	26,129	100,036
Depreciation	41,730	13,789	21,250	76,769	9,279	17,862	27,141	103,910
Contributed Nonfinancial Assets	2,991	988	1,523	5,502	665	1,280	1,945	7,447
	1,027,401	339,484	523,168	1,890,053	228,454	439,767	668,221	2,558,274
<b>Total Expenses</b>	<b>\$ 1,611,030</b>	<b>\$ 581,387</b>	<b>\$ 794,035</b>	<b>\$ 2,986,452</b>	<b>\$ 228,454</b>	<b>\$ 644,979</b>	<b>\$ 873,433</b>	<b>\$ 3,859,885</b>

The accompanying notes are an integral part of these financial statements.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services			Totals
	Student	Teachers & Educator	Community Engagement	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2021
<b>Direct Program Costs:</b>								
Materials	\$ 34,984	\$ 154,733	\$ 99,218	\$ 288,935	\$ -	\$ -	\$ -	\$ 288,935
Future Ready Collier (Consulting)	-	-	58,378	58,378	-	-	-	58,378
Contributed Nonfinancial Assets	267,149	-	96,193	363,342	-	185,192	185,192	548,534
Grants, Awards & Scholarships	314,877	151,517	5,853	472,247	-	-	-	472,247
	617,010	306,250	259,642	1,182,902	-	185,192	185,192	1,368,094
<b>Allocated Costs:</b>								
Accounting & Banking Services	2,259	916	958	4,133	1,785	966	2,751	6,884
Salaries, Wages, Benefits & Taxes	616,807	249,999	261,599	1,128,405	178,891	263,718	442,609	1,571,014
Insurance	7,028	2,849	2,981	12,858	2,038	3,005	5,043	17,901
Office Supplies	8,512	3,450	3,610	15,572	2,468	3,639	6,107	21,679
Volunteer & Staff Support	3,213	1,302	1,363	5,878	932	1,374	2,306	8,184
Meetings & Conferences	7,560	3,064	3,206	13,830	2,193	3,232	5,425	19,255
Copying & Printing	9,148	3,708	3,880	16,736	2,653	3,911	6,564	23,300
Computer Services	31,088	12,600	13,185	56,873	9,016	13,292	22,308	79,181
Professional Services	52,501	21,279	22,267	96,047	15,227	22,447	37,674	133,721
Facility Operations	29,949	12,139	12,702	54,790	8,686	12,805	21,491	76,281
Depreciation	23,439	9,500	9,941	42,880	6,798	10,022	16,820	59,700
Contributed Nonfinancial Assets	3,577	1,450	1,517	6,544	1,037	1,529	2,566	9,110
	795,081	322,256	337,209	1,454,546	231,724	339,940	571,664	2,026,210
<b>Total Expenses</b>	<b>\$ 1,412,091</b>	<b>\$ 628,506</b>	<b>\$ 596,851</b>	<b>\$ 2,637,448</b>	<b>\$ 231,724</b>	<b>\$ 525,132</b>	<b>\$ 756,856</b>	<b>\$ 3,394,304</b>

The accompanying notes are an integral part of these financial statements.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 163,299	\$ 1,117,494
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributions restricted for innovation lab	(5,000)	(592,074)
Forgiveness on Paycheck Protection Program loan	-	(247,785)
Depreciation expense	103,910	59,700
Realized (gain) loss on endowment fund	(52,964)	(9,550)
Unrealized loss (gain) loss on endowment fund	179,417	(194,268)
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Contributions receivable	(68,127)	76,433
Other prepaid expenses	(496)	2,519
Florida Prepaid Scholarships	(99,494)	77,630
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(75,949)	(15,910)
Net Cash Provided By Operating Activities	<u>144,596</u>	<u>274,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of long-term certificate of deposit	-	(103,989)
Redemption of long-term certificate of deposit	103,989	102,117
Investment in endowment fund, net	(48,320)	(28,960)
Increase in construction in progress (innovation lab)	-	(610,783)
Purchase of property and equipment	(114,004)	(4,704)
Net Cash (Used In) Investing Activities	<u>(58,335)</u>	<u>(646,319)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash collected from donors for innovation lab	<u>305,000</u>	<u>292,074</u>
Net Cash Provided By Financing Activities	<u>305,000</u>	<u>292,074</u>
Increase (decrease) in cash and cash equivalents	391,261	(80,056)
Cash and cash equivalents, beginning of the year	<u>2,039,307</u>	<u>2,119,363</u>
Cash and cash equivalents, end of the year	<u>\$ 2,430,568</u>	<u>\$ 2,039,307</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Non-cash contribution receivable - with donor restriction (innovation lab)	<u>\$ -</u>	<u>\$ 300,000</u>
<b>Noncash Investing Activities</b>		
Acquisition of construction in progress through accounts payable	<u>\$ -</u>	<u>\$ 11,411</u>

The accompanying notes are an integral part of these financial statements.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The EDUCATION FOUNDATION OF COLLIER COUNTY, INC. D/B/A CHAMPIONS FOR LEARNING (the "Foundation") was incorporated on July 20, 1990 under the laws of Florida as a not-for-profit private foundation. The Foundation's mission is to create life-changing learning experiences for every student, with a vision of a community that is 100% engaged in support of student success. The primary sources of revenue are from foundations, individual and corporate donors, and special events held in Collier County, Florida.

**Program Services**

The Foundation provides three primary program services, the main activities of which are summarized as follows:

**Student Programs:**

Student Programs are designed to equip and prepare students for their future learning and career goals. Student Programs empowers students from households with low- and mid-incomes gap who cannot afford the full cost of postsecondary education or technical training without help, many of whom are on track to be the first in their families to graduate from high school, to overcome the obstacles to higher education that they face. Student Programs integrate core elements of highly effective college and career access programming, including leadership and personal development through building foundational and employability skills, mentoring, coaching, service learning, career exploration, college visits, college access workshops, and financial literacy workshops.

**Teacher and Educator Programs:**

Valuing, empowering and supporting teachers and principals to ensure the highest impact learning experiences for every child is fundamental to the mission of the Foundation. The Golden Apple Teacher Recognition program honors and highlights the best practices that are having a positive impact on student learning. The Classroom Grant program provides a way for teachers to gain support from the community for innovative ideas that will provide unique learning experiences for their students. These programs, along with peer-to-peer sharing and community-based learning are providing a teacher network framework in which 1000+ educators are engaged with the community through the Foundation.

**Community Engagement:**

Engaging and energizing our community in support of student success is a fundamental goal. The role of an education foundation provide the framework of learning through Roundtable conversations and the connection to the classroom through a variety of volunteer opportunities. Volunteer engagement remains a key priority to provide the community with hundreds of meaningful volunteer experiences to support student and teacher success and organizational goals, equaling to nearly 8,000 volunteer hours in support of the mission. The Foundation facilitates a collaborative network of more than 60 organizations working together to achieve community-wide goals to support the overall success of students and families.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Method of Accounting**

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

**Accounting Standard Adoption**

In September 2020, FASB issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires contributed nonfinancial assets to be present as a separate line item in the statements of activities apart from contributions of cash and other financial assets. In addition, the ASU requires various disclosures regarding the nonfinancial assets contributed. This standard is effective for fiscal years beginning after June 15, 2021. The Foundation adopted this ASU during the year ended June 30, 2022, and applied it retrospectively. As a result of the adoption, certain reclassifications have been made to the prior year audited financial statements in order for them to be in conformity with current year presentation.

**Financial Statement Presentation**

The Foundation presents information regarding its financial position and activities according to two classifications of net assets described as follows:

**Net Assets Without Donor Restrictions**

All resources over which the governing board has discretionary control. The governing board of the Foundation may elect to designate such resources for specific purposes (see Note 11). This designation may be removed at the Board's discretion.

**Net Assets With Donor Restrictions**

Resources accumulated through donations for specific operating or capital purposes. Such resources will become without donor restrictions when the requirements of the donor have been satisfied through expenditure for the specified purpose or program or through the passage of time. Some net assets with donor restrictions include endowment resources accumulated through donations that are subject to the restriction in perpetuity that the principal be invested. See Note 10 regarding the Foundation's net assets with donor restrictions at June 30, 2022 and 2021, respectively.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Basis of Presentation**

As further described below, the Foundation, follows the Statement of Financial Accounting Standards for Not-for-Profit Entities. It requires not-for-profit organizations to distinguish between contributions received that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expired as mentioned earlier, and requires classification of net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions - be displayed in a statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statements of activities.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years, if any, are reported at the present value of the estimated cash flows, using risk-free interest rates applicable to the years in which the promises are to be received.

**Cash Flows**

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Contributions Receivable**

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Foundation records a contribution receivable when donors make promises to give money to the Foundation that are considered by management to be unconditional. Such receivables that are due to be paid within one year are recorded at their estimated net realizable values. Such receivables due to be paid after one year are recorded at their discounted net realizable values, using a risk-free interest rate for such purposes.

Generally accepted accounting principles (“GAAP”) require management to provide for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Based on prior experience and on the aforementioned assessment of the current status of individual pledges, management elected not to provide for an allowance for doubtful accounts. Alternatively, it is the Foundation's policy to utilize the direct write-off method and charge uncollectible pledges receivable to expense when management determines the pledge receivable will not be collected. Such policy has not significantly differed from GAAP. There were no significant pledges written off during fiscal 2022 and 2021, respectively.

**Investments**

Investments are initially recorded at cost if purchased or, if donated, at fair market value on the date received. The Foundation carries investments at the fair value determined by the quoted market prices on the last day of the year. Investment income may be either without donor restrictions or with donor restrictions when earned, determined according to the donor's imposed restrictions. All investment income earned during the fiscal years end June 30, 2022 and 2021 were classified as without donor restrictions.

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Property and Equipment**

Property and equipment are recorded at cost when purchased or at fair market value at the time of contribution. Expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is primarily computed on a straight-line basis over the estimated useful lives of property and equipment generally as follows:

	<u>YEARS</u>
Building (1 <sup>st</sup> floor only)	39
Equipment	3
Furniture and fixtures	7
Musical instruments	7
Program fixtures	5
Software	5

**Contributions**

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from satisfaction of purpose restriction. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation reports donations of cash contributions not given for a specific purpose by the donor as without donor restrictions. All such expirations for 2022 and 2021 were related to purpose and time restrictions being accomplished. Contributions received that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets represent the fair market values for goods and services provided for the Foundation. Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. These contributions are included in the statements of activities under the caption labeled "Contributions of nonfinancial assets." As noted above, the Foundation adopted ASU 2020-07, see Note 15.

**Allocation of Functional Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The costs of providing various programs and other activities have been summarized on the statements of functional expenses. Direct costs are charged directly to the programs benefited. Costs that related to both programs and supporting services were allocated based on an allocation of time spent by employees across programs and supporting services. The calculation of the employees' time was determined on a reasonable and consistent basis for each employee as determined by the Foundation's key management.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Income Taxes**

The Foundation is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, and similar state Code. As such, only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to federal income tax. Management is not aware of any activities that could jeopardize the Foundation's tax-exempt status. The Foundation has evaluated its tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustments to the financial statements. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

**Reclassifications**

Certain reclassifications have been made to the prior year audited financial statements in order for them to be in conformity with current year presentation.

**Date of Management's Review**

In preparing the audited financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 6, 2022, the date which the audited financial statements were available to be issued. The following subsequent event was identified:

In response to Hurricane Ian, the Foundation was awarded \$350,000 to assist Collier County educators that were affected by the hurricane.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT**

The Foundation maintains its cash at various financial institutions located in Naples, Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Foundation believes it is not exposed to any significant risk on bank deposit accounts. Cash and cash equivalents consisted of bank deposit, certificate of deposit, insured cash sweep, and money market accounts at June 30, 2022 and 2021, respectively. The following table provides a reconciliation of cash and cash equivalents without and with donor restrictions that is reported within the statements of financial position that sum to the amounts shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents (without donor restrictions)	\$ 1,173,151	\$ 1,017,352
Cash and cash equivalents (with donor restrictions)	<u>1,257,417</u>	<u>1,021,955</u>
Total cash and cash equivalents shown in the statements of cash flows	<u>\$ 2,430,568</u>	<u>\$ 2,039,307</u>

As of June 30, 2021, the Foundation had one certificate of deposit with a value totaling to approximately \$104,000 with an interest rate of .55% that the Foundation decided to liquidate during fiscal 2022. The Foundation held no certificate of deposit as of June 30, 2022. As of June 30, 2021, the certificate of deposit is presented as cash equivalents on the statements of financial position at cost plus interest.



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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Without Donor Restrictions:		
Due within one year	\$ 126,068	\$ 169,408
Total contributions receivable – without donor restrictions	<u>126,068</u>	<u>169,408</u>
With Donor Restrictions:		
Due within one year	<u>111,467</u>	<u>300,000</u>
Total contributions receivable – with donor restrictions	<u>111,467</u>	<u>300,000</u>
Total contributions receivable	<u>\$ 237,535</u>	<u>\$ 469,408</u>

**NOTE 4 - PREPAID SCHOLARSHIPS**

The Foundation has purchased college scholarship contracts from the Florida Prepaid College Foundation ("FPCF"), an agency of the State of Florida, for its use in paying for college or technical school tuition for deserving students. When the Foundation purchased these contracts in 2022 and 2021, the FPCF matched 100% of the amount the Foundation paid for the scholarships. The cost of the contracts is initially recorded as prepaid scholarships and the Foundation has elected to increase that amount by the amount of the state match, with the corresponding credit being recorded as contribution income.

At the end of each fiscal year, the FPCF submits a report to the Foundation that show its valuation of the Foundation's unused and partially used contracts, which it values based on the current rate of tuition at state colleges. The Foundation has elected to record the effect of those increases/(decreases) as an increase/(decreases) in its prepaid scholarships.

The Foundation records its annual scholarship usage expense and the annual appreciation in the aggregate value of its scholarships used in that year and unused scholarship contracts at the end of the year as one net expense amount in its statements of activities. The total value of the Foundation's unused contracts as of June 30, 2022 and 2021 totaled \$3,956,735 and \$3,857,241, respectively.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - PREPAID SCHOLARSHIPS (Continued)**

The changes in the prepaid scholarship account during 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance, prepaid scholarships	\$ 3,857,241	\$ 3,934,870
Purchase of scholarship contracts	268,885	252,037
FPCF match	268,885	252,037
Usage less appreciation of used and unused contracts	<u>(438,276)</u>	<u>(581,703)</u>
Net increase (decrease) in prepaid scholarships	<u>99,494</u>	<u>(77,629)</u>
Ending balance, prepaid scholarships	<u>\$ 3,956,735</u>	<u>\$ 3,857,241</u>

**NOTE 5 - ENDOWMENT FUND**

On July 23, 2013, the Foundation established an Endowment Fund, known as the “Champions for Learning Endowment Fund” (“Fund”), in the initial amount of \$183,463 with the Community Foundation of Collier County from monies received from donors. The Foundation is the beneficiary of this fund and the invested funds generate gains and/or losses. The Foundation may also receive distributions of income, subject to the Community Foundation of Collier County’s spending policy. The endowment balance as of June 30, 2022 and 2021 was \$958,608 and \$1,036,741, respectively. The Fund is reported at fair value and consists of primarily equities, mutual funds, and fixed income investments which totals to approximately 81% and 82% of the total endowment fund investment allocation as of June 30, 2022 and 2021, respectively. Currently, the investment policy is to invest with the Community Foundation of Collier County. The changes in endowment fund as of and for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Endowment fund, beginning balance	\$ 1,036,741	\$ 803,963
Contributions	36,415	19,398
Realized gains	52,964	9,550
Unrealized (losses) gains	(179,417)	194,268
Interest and dividends	21,009	18,865
Administrative fees	<u>(9,104)</u>	<u>(9,303)</u>
Endowment fund, ending balance	<u>\$ 958,608</u>	<u>\$ 1,036,741</u>

In addition, the net asset balances of the endowment fund at June 30, 2022 and 2021 consisted of the following:

Endowment – without donor restrictions	\$ 182,033	\$ 295,166
Endowment – with donor restrictions	<u>776,575</u>	<u>741,575</u>
Total endowment net assets	<u>\$ 958,608</u>	<u>\$ 1,036,741</u>

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LUCIE JENNY MACCARTHY AND CHUCK MOHLKE FUND**

In 1999, the Community Foundation of Collier County received a gift from the Lucie Jenny MacCarthy Charitable Remainder Unitrust that is held and owned by Community Foundation of Collier County. It was the wish of the donor that the funds be used by the Foundation to support and enhance music education in the Collier County public school system. However, the ultimate authority over the distribution of the funds was left with the Board of Trustees of the Community Foundation of Collier County. The balance at the Community Foundation at June 30, 2022 and 2021 is not reflected in the accompanying financial statements. During 2022 and 2021, the Foundation received a grant totaling \$22,458 and \$22,358, respectively, which were recorded as net assets with donor restrictions until the satisfaction of restriction is met. Total remaining funds received and unspent at June 30, 2022 and 2021 was \$42,777 and \$47,289, respectively.

In addition, the Community Foundation of Collier County holds the Chuck Mohlke fund in which its interest and dividend income are available for distribution to the Foundation.

**NOTE 7 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Building (first floor only)	\$ 2,059,395	\$ 1,533,386
Furniture and fixtures	196,556	49,338
Equipment	160,919	90,447
Musical instruments	9,085	9,085
Program fixtures	63,000	63,000
Software	<u>25,833</u>	<u>25,833</u>
Property and equipment cost	2,514,788	1,771,089
Less: accumulated depreciation	<u>(496,887)</u>	<u>(392,976)</u>
	2,017,901	1,378,113
Construction in progress	<u>-</u>	<u>629,694</u>
Property and equipment, net	<u>\$ 2,017,901</u>	<u>\$ 2,007,807</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$103,910 and \$59,700, respectively.

The amount in construction in progress of \$629,694 as of June 30, 2021 was related to the Foundation's innovation lab project. This project was completed in fiscal 2022.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 29,128	\$ 44,077
Accrued expenses and other	-	61,000
Total accounts payable and other accrued expenses	<u>\$ 29,128</u>	<u>\$ 105,077</u>

**NOTE 9 - PPP LOAN FORGIVENESS**

In 2020, the Foundation received a \$247,785 loan from their bank under the Paycheck Protection Program (“PPP”) established by the Coronavirus Aid, Relief, and Economic Security Act (“CARES”) Act. The loan would be forgiven to the extent loan proceeds were used for eligible expenses such as payroll and other expenses described in the CARES Act. The Foundation used the loan proceeds for qualifying expenses and the loan was entirely forgiven in 2021 and is presented as PPP loan forgiveness in the statements of activities for the year ended June 30, 2021.

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Florida Prepaid Scholarships (Note 4)	\$ 3,956,735	\$ 3,857,241
Scholarships	192,356	39,799
Lucie Jenny MacCarthy Fund (Note 6)	42,777	47,289
Women in Naples Giving Support (WINGS)	240,303	251,486
Building reserve for future repair/replacement	40,000	40,000
Building / Capital	-	58,579
Endowment - Operating	645,826	610,826
Endowment - Scholarships	130,750	130,750
Teacher based grants	83,058	59,896
School based grants	99,725	96,079
Other scholarships and grants	<u>670,665</u>	<u>428,827</u>
Total net assets with donor restrictions	<u>\$ 6,102,195</u>	<u>\$ 5,620,772</u>

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

During 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Distribution of funds for Educator Programs	\$ 141,180	\$ 151,517
Distribution of funds for Florida Prepaid Scholarships	268,884	237,377
Distribution of funds for Grants, Scholarships and other	333,301	205,896
Distribution of funds for Building and other costs	<u>63,579</u>	<u>578,495</u>
Total satisfaction of purpose restrictions	<u>\$ 806,944</u>	<u>\$ 1,173,285</u>

**NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATED**

The Foundation's Board of Directors has designated \$125,000 as a liquidity reserve from net assets without donor restrictions. In fiscal 2020, the Foundation received approximately \$375,000 from a trust in which they were the 100% beneficiary. During the June 2020 meeting, the Board of Directors approved to designate \$300,000 for operating reserves and \$75,000 for building reserves for total accumulated designated net assets of \$500,000 as of June 30, 2022 and 2021, respectively.

The Foundation established an operating and building reserve account with Community Foundation of Collier County during fiscal 2022 to hold these designated funds. These funds are held in a money market account and therefore are presented in cash and cash equivalents in the statements of financial position as of June 30, 2022.

**NOTE 12 - FAIR VALUE MEASUREMENTS**

The accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has ability to access and have the highest priority.

**Level 2** - Inputs that include quoted prices for similar (but not exact) assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement and have the lowest priority.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - FAIR VALUE MEASUREMENTS (Continued)**

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

Investments for which fair value are measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. This was reflected by the Foundation since the Pooled Funds of the Community Foundation of Collier County included investments measured at net asset value. These investments have been reflected in the disclosures as noted in the reconciliation below.

Consequently, the following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2022 and 2021:

**June 30, 2022**

**Fair Value Measurements at Reporting Date Using:**

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	\$ 441,248	\$ 382,389	\$ 58,859	\$ -

The total value of the endowment held in the Community Foundation at June 30, 2022 is as followed:

Total investments measured at fair value	\$ 441,248
Total investments measured at net asset value	<u>517,360</u>
Balance, June 30, 2022 (Note 5)	<u>\$ 958,608</u>

**June 30, 2021**

**Fair Value Measurements at Reporting Date Using:**

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	\$ 945,715	\$ 945,715	\$ -	\$ -

The total value of the endowment held in the Community Foundation at June 30, 2021 is as followed:

Total investments measured at fair value	\$ 945,715
Total investments measured at net asset value	<u>91,026</u>
Balance, June 30, 2021 (Note 5)	<u>\$ 1,036,741</u>

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - COMMITMENTS**

**Consulting Agreement:**

In May 2019, the Foundation entered into a consulting agreement with Paul Bussmann, LLC to provide services to create communication and messaging products to foster greater understanding and support for the Foundation's vision and mission. The services began in 2019, and are provided throughout each respective fiscal year. The Foundation accrued approximately \$61,000 (Note 8) related to this agreement for the year ended June 30, 2021. This agreement was terminated during fiscal 2022 and as a result no accrual was remaining as of June 30, 2022.

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation is primarily funded by contributions from donors which are either with or without donor restrictions. Contributions with donor restrictions require that those resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

The table below presents the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts which are not available for general use due to contractual or donor-imposed restrictions. Amounts that are not available also include Board of Directors designated funds which could be utilized if the Board of Directors approved the use.

Financial assets, at June 30, 2022:	
Cash and cash equivalents	\$ 2,430,568
Contributions receivable	237,535
Prepaid scholarships	3,956,735
Endowment fund	958,608
Less those unavailable for general expenditures within one-year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(6,102,195)
Accounts payable and accrued expenses	(29,128)
Board of Directors designations:	
Board designated funds for operating, designated, and building reserves	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 952,123</u>

**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

Financial assets, at June 30, 2021:	
Cash and cash equivalents	\$ 2,039,307
Contributions receivable	469,408
Certificate of deposit	103,989
Prepaid scholarships	3,857,241
Endowment fund	1,036,741
Less those unavailable for general expenditures within one-year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(5,620,772)
Accounts payable and accrued expenses	(105,077)
Board of Directors designations:	
Board designated funds for operating, designated, and building reserves	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,280,837</u>

In addition, the Board of Directors designated reserves are available as a liquid reserve in the event of an unanticipated liquidity need.

**NOTE 15 - CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2022</u>	<u>2021</u>
Services	\$ 397,780	\$ 492,109
Food	9,211	7,600
Household goods	5,650	100
Gifts to be auctioned	55,270	67,223
Equipment	26,187	22,548
Event space	<u>11,000</u>	<u>11,000</u>
	<u>\$ 505,098</u>	<u>\$ 600,580</u>



**THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 15 - CONTRIBUTED NONFINANCIAL ASSETS (Continued)**

The Foundation recognized contributed nonfinancial assets within revenue, including services, food, household goods, gifts to be auctioned, equipment and event space. Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services were utilized in the following programs: student, teacher and educator, community engagement, and were also utilized in general and administrative and fundraising. Contributed services primarily consisted of media, scholarships, and other discounts for various professional services.

Contributed food, household goods, gifts to be auctioned, and event space were utilized in the following programs: student, teacher and educator, community engagement. These contributed items were primarily utilized in the Foundation's special events, such as, Golden Apple and Night of Champions.

Contributed equipment was utilized in student program services as well as general and administrative. The equipment received primarily consisted of various computer and electronic equipment needed for programs and general operations.

In valuing services, food, household goods, gifts to be auctioned, equipment, and event space, the Foundation estimated the fair value on the basis of estimates of wholesale values and current market rates that would be received for selling similar products and receiving similar services in the United States.