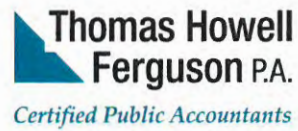


Financial Statements
and Other Reports

Florida Education Foundation, Inc.

*Years ended June 30, 2021 and 2020
with Report of Independent Auditors*



Florida Education Foundation, Inc.

Financial Statements
and Other Reports

Years ended June 30, 2021 and 2020

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Report of Independent Auditors

Board of Directors
Florida Education Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Education Foundation, Inc. (the Foundation) which comprise the statements of net position as of June 30, 2021 and 2020, the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Education Foundation, Inc., as of June 30, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 the Foundation's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
January 13, 2022

Florida Education Foundation, Inc.
Management's Discussion and Analysis

Year ended June 30, 2021

The Florida Education Foundation, Inc. (the Foundation) is a not-for-profit direct-support organization for the Florida Department of Education (FDOE) under Florida Statute 1001.24.

The Foundation's management's discussion and analysis of the financial performance provides an overview of the Foundation's financial activities for the fiscal year ended June 30, 2021. Please read it with current year financial statements, which follow this section. We are not engaged in Governmental Activities as reflected in GASB Statement No. 34. The financial statements are presented as a special purpose government engaged only as a direct-support organization for a number of funds that support public education programs.

The following condensed financial highlights and statements as presented in management's discussion and analysis includes activities of the Foundation's one agency fund. These amounts are reclassified and presented as cash held for others and the offsetting liability in the audited financial statements.

The following are various financial highlights for the fiscal year 2021:

The Foundation's overall net position increased by \$1,390,048, which is approximately a 26.4% increase. In the current fiscal year, the assets of the Foundation are reported in eighteen self-balancing funds. Total ending net position was \$6,661,718.

The Foundation had total expenses for the year of \$1,650,796 compared to total revenues of \$3,040,844.

Financial position has increased over the current year. Below are several factors that caused the impact:

- Operating revenue overall this year decreased by 11.4% compared to the prior year. A majority of the revenue decreased is primarily due to change in contribution revenue.
- Operating expenses overall this year decreased by 41.2% compared to the prior year. A majority of the expense reductions are expenditures for professional services and grant expense. Expenses after removing those expenditures are flat compared to last year.
- Overall there is an increase in investments, including money market funds. Interest and dividends decreased by \$14,899, realized and unrealized gains increased \$141,914 and \$1,241,684, respectively. The Foundation hired new investment advisors in June 2019 to manage the investments and are closely monitoring the income.

Florida Education Foundation, Inc.

Management's Discussion and Analysis

Year ended June 30, 2021

- The Foundation continues to have a high net position which allows it to spend a substantial portion of its resources and cash on the eighteen restricted and unrestricted funds that support programs and projects for the Florida Department of Education. Those initiatives are intended to support state efforts to improve high achievement for every student to contribute to Florida's globally competitive workforce.

Overview of the Basic Financial Statements

This annual report contains financial statements that report the Foundation's activities as eighteen self-balancing funds in the current fiscal year.

Florida Education Foundation, Inc.
Management's Discussion and Analysis

Condensed Statements of Net Position

	Years ended June 30,			Change 2020-2021	Change 2019-2020
	2021	2020	2019		
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,605,243	\$ 1,328,074	\$ 2,578,494	\$ 277,169	\$ (1,250,420)
Prepaid expense	16,316	-	68,173	16,316	(68,173)
Accounts receivable	25,722	293	25,000	25,429	(24,707)
Total current assets	<u>1,647,281</u>	<u>1,328,367</u>	<u>2,671,667</u>	<u>318,914</u>	<u>(1,343,300)</u>
Investments	2,062,010	1,730,803	811,581	331,207	919,222
Cash - board designated	163,254	84,598	514,923	78,656	(430,325)
Investments - board designated	4,233,645	3,266,268	3,008,449	967,377	257,819
Total assets	<u>\$ 8,106,190</u>	<u>\$ 6,410,036</u>	<u>\$ 7,006,620</u>	<u>\$ 1,696,154</u>	<u>\$ (596,584)</u>
Liabilities					
Current liabilities					
Unearned revenue	\$ 1,164,605	\$ 792,642	\$ 369,943	\$ 371,963	\$ 422,699
Accounts payable	279,867	345,724	443,996	(65,857)	(98,272)
Total current liabilities	1,444,472	1,138,366	813,939	306,106	324,427
Net position					
Unrestricted	997,662	635,280	430,387	362,382	204,893
Board designated	4,396,983	3,350,867	3,523,372	1,046,116	(172,505)
Restricted	1,267,073	1,285,523	2,238,922	(18,450)	(953,399)
Total net position	<u>6,661,718</u>	<u>5,271,670</u>	<u>6,192,681</u>	<u>1,390,048</u>	<u>(921,011)</u>
Total liabilities and net position	<u>\$ 8,106,190</u>	<u>\$ 6,410,036</u>	<u>\$ 7,006,620</u>	<u>\$ 1,696,154</u>	<u>\$ (596,584)</u>

Florida Education Foundation, Inc.
Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Position
(Prior to Interfund Eliminations)

	Years ended June 30,				
	2021	2020	2019	Change 2020-2021	Change 2019-2020
Changes in net position					
Operating revenues:					
Contribution revenue	\$ 606,543	\$ 769,694	\$ 520,351	\$ (163,151)	\$ 249,343
Program revenue	8,665	504,722	511,000	(496,057)	(6,278)
In-kind contributions	256,627	241,121	140,713	15,506	100,408
Grant revenue	717,131	296,892	250,000	420,239	46,892
Administrative fees	74,867	80,951	37,315	(6,084)	43,636
Miscellaneous income	15,937	2,702	-	13,235	2,702
Total operating revenues	<u>1,679,770</u>	<u>1,896,082</u>	<u>1,459,379</u>	<u>(216,312)</u>	<u>436,703</u>
Operating expenses:					
Grants	632,976	1,564,671	1,055,984	(931,695)	508,687
Administrative fees	74,867	80,951	37,315	(6,084)	43,636
Advertising	65,233	16,093	2,732	49,140	13,361
Meetings	436,347	435,868	755,257	479	(319,389)
Program materials	77,846	113,746	293,893	(35,900)	(180,147)
Professional fees	61,101	295,045	85,359	(233,944)	209,686
Supplies and postage	10,051	14,813	77,898	(4,762)	(63,085)
Travel	18,223	20,779	20,612	(2,556)	167
Printing and publication	-	14,914	12,092	(14,914)	2,822
Salaries and benefits	144,129	241,121	140,713	(96,992)	100,408
Miscellaneous	130,023	11,467	14,631	118,556	(3,164)
Total operating expenses	<u>1,650,796</u>	<u>2,809,468</u>	<u>2,496,486</u>	<u>(1,158,672)</u>	<u>312,982</u>
Operating (loss) income	28,974	(913,386)	(1,037,107)	942,360	123,721
Non-operating revenues:					
Interest income, net of fees	125,394	140,293	82,106	(14,899)	58,187
Realized gain (loss) on investment	123,972	(17,942)	76,373	141,914	(94,315)
Unrealized gain (loss) on investment	1,111,708	(129,976)	12,123	1,241,684	(142,099)
Total non-operating revenues	<u>1,361,074</u>	<u>(7,625)</u>	<u>170,602</u>	<u>1,368,699</u>	<u>(178,227)</u>
Change in net position	1,390,048	(921,011)	(866,505)	2,311,059	(54,506)
Net position at beginning of year	<u>5,271,670</u>	<u>6,192,681</u>	<u>7,059,186</u>	<u>(921,011)</u>	<u>(866,505)</u>
Net position at end of year	<u>\$ 6,661,718</u>	<u>\$ 5,271,670</u>	<u>\$ 6,192,681</u>	<u>\$ 1,390,048</u>	<u>\$ (921,011)</u>

Florida Education Foundation, Inc.

Statements of Net Position

	June 30,	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,605,243	\$ 1,328,074
Prepaid expenses	16,316	-
Accounts receivable	<u>25,722</u>	<u>293</u>
Total current assets	1,647,281	1,328,367
Investments	2,062,010	1,730,803
Cash - board designated	163,254	84,598
Investments - board designated	<u>4,233,645</u>	<u>3,266,268</u>
Total assets	<u>\$ 8,106,190</u>	<u>\$ 6,410,036</u>
Liabilities and net position		
Current liabilities:		
Unearned revenue	\$ 1,164,605	\$ 792,642
Accounts payable	<u>279,867</u>	<u>345,724</u>
Total liabilities	<u>1,444,472</u>	<u>1,138,366</u>
Net position:		
Unrestricted		
Undesignated	997,662	635,280
Board designated	4,396,983	3,350,867
Restricted	<u>1,267,073</u>	<u>1,285,523</u>
Total net position	<u>6,661,718</u>	<u>5,271,670</u>
Total liabilities and net position	<u>\$ 8,106,190</u>	<u>\$ 6,410,036</u>

See accompanying notes.

Florida Education Foundation, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

	Years ended June 30,	
	<u>2021</u>	<u>2020</u>
Changes in net position:		
Operating revenues:		
Contribution revenue	\$ 606,543	\$ 769,694
Program revenue	8,665	504,722
In-kind contributions	256,627	241,121
Grant revenue	717,131	296,892
Miscellaneous income	<u>15,937</u>	<u>2,702</u>
Total operating revenues	<u>1,604,903</u>	<u>1,815,131</u>
Operating expenses:		
Grants	632,976	1,564,671
Advertising	65,233	16,093
Meetings	436,347	435,868
Program materials	77,846	113,746
Professional fees	61,101	295,045
Supplies and postage	10,051	14,813
Travel	18,223	20,779
Printing and publication	-	14,914
Salaries and benefits	144,129	241,121
Miscellaneous	<u>130,023</u>	<u>11,467</u>
Total operating expenses	<u>1,575,929</u>	<u>2,728,517</u>
Operating income (loss)	28,974	(913,386)
Nonoperating revenues:		
Interest Income	125,394	140,293
Realized gain (loss) on investments	123,972	(17,942)
Unrealized gain (loss) on investments	<u>1,111,708</u>	<u>(129,976)</u>
Total nonoperating revenues	<u>1,361,074</u>	<u>(7,625)</u>
Change in net position	1,390,048	(921,011)
Net position at beginning of year	<u>5,271,670</u>	<u>6,192,681</u>
Net position at end of year	<u>\$ 6,661,718</u>	<u>\$ 5,271,670</u>

See accompanying notes.

Florida Education Foundation, Inc.

Statements of Cash Flows

	Years ended June 30,	
	2021	2020
Operating activities		
Receipts from contributions and program services	\$ 1,694,810	\$ 2,021,416
Payments to vendors	(768,499)	(952,824)
Payments for grants and awards	(632,976)	(1,564,671)
Net cash provided by (used in) operating activities	293,335	(496,079)
Investing activities		
Purchase of investments	(2,364,037)	(7,835,096)
Proceeds from the sale of investments	2,301,133	6,510,137
Interest on investments	125,394	140,293
Net cash provided by (used in) investing activities	62,490	(1,184,666)
Net change in cash and cash equivalents	355,825	(1,680,745)
Cash and cash equivalents at beginning of year	1,412,672	3,093,417
Cash and cash equivalents at end of year	\$ 1,768,497	\$ 1,412,672
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 28,974	\$ (913,386)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Other assets	(41,745)	92,880
Unearned revenue	371,963	422,699
Accounts payable	(65,857)	(98,272)
Net cash provided by (used in) operating activities	\$ 293,335	\$ (496,079)
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 1,605,243	\$ 1,328,074
Cash - board designated	163,254	84,598
Total cash and cash equivalents	\$ 1,768,497	\$ 1,412,672
Supplemental Disclosures		
Non-cash investing, capital, and financing activities:		
Contribution of salaries and benefits	\$ 144,129	\$ 241,121
Contribution of materials and supplies	112,498	-
Unrealized gain (loss) on investments	1,111,708	(129,976)

See accompanying notes.

Florida Education Foundation, Inc.

Notes to Financial Statements

Years ended June 30, 2021 and 2020

1. Nature of Operations and Significant Accounting Policies

Florida Education Foundation, Inc. (the Foundation) is organized as a Florida Department of Education direct-support organization and was incorporated under the laws of the state of Florida on April 2, 1985. The Foundation is organized exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of public pre-kindergarten through grade 12 education in Florida. The primary purpose of the Foundation is to pursue a future in which every Florida student graduates from high school ready for post-secondary education and a career. As the Florida Department of Education's direct-support organization, the Foundation serves as a nexus connecting well-informed strategic direction with philanthropic and other resources to leverage effective change in Florida's education system. The Foundation's mission is to invest in high achievement for every student to contribute to Florida's globally competitive workforce.

Reporting Entity

The Foundation meets the criteria set forth by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the Florida Department of Education's (FDOE) comprehensive annual financial reports based on FDOE's ability to appoint the Board of Directors. As a component unit, the Foundation's financial statements are discretely presented in FDOE's comprehensive annual financial reports. The accompanying financial statements present the financial position of the Foundation only. The Foundation does not have any component units and is not involved in any joint ventures.

Basis of Accounting

The Foundation follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 61, which defines the Foundation as a component unit with the FDOE.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds. The financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

For purposes of the statement of cash flows, cash and interest bearing deposits with an original maturity of three months or less are considered cash equivalents.

Investments

Investments held by the Foundation are reported at fair values for securities traded on national or international exchanges or over-the-counter are valued at quoted market prices.

Contributions and Grants

Contributions and grants from two of the Foundation's largest private donors totaled 16% and 24% of contributions revenue for the years ended June 30, 2021 and 2020, respectively.

Revenue Recognition

Operating revenues consist of contributions and event registrations/sponsorships and are recognized when earned. Nonoperating revenues consist of various forms of investment income.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, for financial statement reporting purposes all funds are combined.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Programs

The Foundation administers financial accounts (unrestricted, board designated and restricted) for various funds/programs of FDOE. The Foundation is organized by unrestricted and restricted funds that support FDOE.

Unrestricted Funds

- a. Commissioner's Enhancement Program Fund (General Fund) - includes unrestricted resources available for support of the Foundation.

Board Designated

- b. Mary E. Murdock Endowment Fund - includes unrestricted resources from a single donor for support of the Foundation's mission to promote and support academic excellence for pre-kindergarten through 12th grade students in Florida.

Restricted Funds

- c. Brian Dassler's Leadership Academy (BDLA) - The Foundation's staff will support the Educator Quality division that leads and supports the Dr. Brian Dassler Leadership Academy, working together to ensure the continued professional development of school principals and other district leaders. The Foundation, in partnership with the Division of Educator Quality, is dedicated to helping support this work by continuing to raise funds to support these programs. The Division will provide content for proposals and engage in dialogue with potential donors to assist in securing funds to support these programs. This fund has been closed out as of June 30, 2020.
- d. Career and Technical Education (CTE) - The aim of the fund is to provide increased support for all of Florida's career and technical education programs. These programs matter for economic growth and prosperity – as we think and plan strategically about how to build robust career pathways starting at the middle grades through our postsecondary partners. The fund will support efforts to align all workforce programs to industry demand, the engagement and support of students, particularly those historically underrepresented populations, in workforce education programs, and the scaling of entrepreneurship education and training.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

- e. Exceptional Education/Student Services (EESS) - supports programs for students with disabilities and strengthens the quality and variety of services available to students with special needs. The programs and activities include the Administrators' Management Meeting (AMM), Regional Roundtables, SAC and Parent Services Meetings, and New Directors' Academy. AMM is designed for administrators of district exceptional student education (ESE) and student services programs, special projects personnel, state agency programs and residential schools, and for representatives of related college and university training programs. AMM provides important information related to the State Performance Plan, compliance, and monitoring. This meeting is typically held each September.
- f. Educator Quality (EQ) - was originally established in 2005 as the Teacher Recruitment Fund when a statewide teacher recruitment initiative was started. Since that time, the fund expanded to include other initiatives and recognition programs. With this expansion, it was determined that the fund title did not adequately describe the programs being supported and in May 2015 the fund title was changed.
- g. Emergency Relief Fund - was originally established to support schools affected by hurricanes. During 2004, Florida was hit by four hurricanes (Charley, Frances, Ivan and Jeanne) affecting many schools in the state. The Florida Education Foundation served as a conduit for supplies and information. Requests to donate were forwarded from Volunteer Florida and throughout other areas of FDOE. District superintendents were asked to report their needs so that priority could be given to those schools most in need. In 2020, the Coronavirus (COVID-19) pandemic hit, and Florida schools were forced to close their brick and mortar and operate solely through distance learning.
- h. Family & Community Outreach - provides resources, training, recognition and technical assistance for parents, volunteers, schools and communities to support families in making choices that will promote a high-quality education for their children. The programs and activities include Dropout Prevention and Academic Intervention, Faith and Community-Based Outreach and Parent Involvement.
- i. FAU Principal Preparation Initiative - includes resources from a grant provided by the Wallace Foundation through Florida Atlantic University to support the creation and implementation of FDOE rules for educational leadership certification program approval that supports university-district partnerships that contain strong components to advance the development of highly effective school leaders.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

- j. Florida Civics and Debate Initiative - The Florida Civics and Debate Initiative (FCDI) is made possible by a \$5 million grant from the Bernie Marcus Foundation. The goal of the FCDI is to improve civic literacy skills in middle and high school grade students and prepare them via programs like speech and debate. The initiative is three-year, multi-phase plan to ultimately incorporate Civics programs in every Florida school district.
- k. Florida Future Educators of America (FFEA) - sponsors and administers the annual Future Educators state conference for students. Since 1986, FDOE has provided assistance to schools in starting and maintaining chapters of Florida Future Educators of America pre-collegiate and collegiate teacher recruitment programs. The program provides a forum for students to become aware of career opportunities in education and nurtures their interest in teaching as a career. Each year, FDOE coordinates the state conference for the postsecondary chapters and the senior high school student members and their advisors. FDOE also provides promotional materials to support the advancement of the FFEA program.
- l. Independent Education & Parental Choice (IEPC) - Choice - The Foundation Charter School Conference is an annual event presented by FDOE's IEPC and the Foundation. The conference has been in existence since the first Florida charter schools opened in 1996 and began its collaboration with the Foundation in 2006. This multi-day event draws over 800 attendees and more than 448 exhibitor representatives. The conference is designed to provide Florida charter school authorizers, operators, administrators, board members and teachers the opportunity to network with each other and FDOE staff, share best practices and gather information from key FDOE personnel during workshops and breakout sessions, and meet with exhibitors who offer goods and services designed for the charter school community.
- m. Just Read, Florida! (JRF) - supports reading activities that comply with the goal to have every child reading at grade level. These reading activities relate to reading research, teacher training, parent training, and community and corporate involvement.
- n. K-12 Public Schools - includes resources from public and/or private donations for use in support of public schools in Florida. The programs and activities include Become a Mentor! and Dads Take Your Child to School day.
- o. Migrant Families Education - includes resources from a single corporate donor, the Gargiulo Corporation, to fund activities encouraging migrant family involvement in their children's education. After the fund remained inactive for eleven years, FDOE's Florida Migrant Education Program utilized some of the remaining funds to support the involvement in the National Migrant Education Conference held in Orlando in 2013. This fund has been closed out as of June 30, 2020.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

- p. Office of Healthy Schools (OHS) - promotes and facilitates professional development for school health specialists. Beginning in 2010, OHS began the Summer Academy for Teachers of Health Education which focuses on the professional development needs of teachers responsible for providing instruction on any health education topic for students in their district. The Academy includes elementary, middle and high school classroom teachers, certified health educators, physical education teachers, guidance counselors and teachers responsible for teaching any health education topic.
- q. Summer Science and Math Symposium - is a continuation of the 2019 Next Generation Summer Science Symposium. The purpose of this project is science and math professional development across grades levels. The goal of the Summer Science Symposium is to build capacity among Florida's science and math teachers to increase student achievement in science and math. Each symposium location will offer three tracks per content area: (1) grades 3-5, (2) middle school (grades 6-8), and (3) biology/algebra.
- r. Sunshine State Scholars - includes resources from public and private donations to recognize each district's top 11th grade STEAM (science, technology, engineering, arts and math) students and recruit them to pursue their postsecondary education in a Florida college or university. The scholars, their parents and a teacher of their choice are brought together for a two-day recognition program and college/university recruitment fair. This includes workshops for college applications, college funding and teacher professional development.
- s. Teacher Engagement - includes resources from a grant provided by the Bill and Melinda Gates Foundation for the purpose of improving educator quality in the State of Florida. This grant facilitates and coordinates teacher leaders through a High Impact Teacher Corps, develop culture/mindset in FDOE, and to redesign professional development policy.
- t. Teacher of the Year - recognizes and honors the contributions of outstanding classroom teachers who have demonstrated a superior capacity to inspire a love of learning in students of all backgrounds and abilities. In accordance with Florida Statutes section 1012.77 F.S., FDOE coordinates the nomination and selection of the Florida Teacher of the Year and the Finalists. FDOE also coordinates recognition events, the scheduling of presentations and workshops by the Teacher of the Year in his/her service as the Christa McAuliffe Ambassador for Education and the planning and coordination of the annual Florida Teacher Roundtable, a symposium for all nominees.

Florida Education Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Donated Services

As a direct-support organization, the Foundation occupies certain premises, and uses the services, including management services, of certain employees of FDOE. Management services, including salaries and benefits, totaled \$144,129 and \$241,121 for the years ended June 30, 2021 and 2020, respectively. Additionally, the Foundation received certain in-kind materials and supplies totaling \$112,498 and \$0, for the years ended June 30, 2021 and 2020, respectively. These amounts are included as in-kind contributions in the accompanying financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt. Accordingly, no provision for income taxes has been made in the accompanying financial statements. With few exceptions, the Foundation is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2015, and prior.

Subsequent Events

The Foundation has evaluated subsequent events through January 13, 2022, the date the financial statements were available to be issued. During the period from June 30, 2021 to January 13, 2022, the Foundation did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Florida Education Foundation, Inc.

Notes to Financial Statements

2. Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at June 30, 2021:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Equity securities	\$ 3,116,731	\$ 1,056,142	\$ 4,172,873	\$ 4,172,873
Fixed income	<u>2,099,971</u>	<u>22,811</u>	<u>2,122,782</u>	<u>2,122,782</u>
Total	<u>\$ 5,216,702</u>	<u>\$ 1,078,953</u>	<u>\$ 6,295,655</u>	<u>\$ 6,295,655</u>

Investments consist of the following at June 30, 2020:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Equity securities	\$ 3,109,828	\$ (4,570)	\$ 3,105,258	\$ 3,105,258
Fixed income	<u>1,919,322</u>	<u>(27,509)</u>	<u>1,891,813</u>	<u>1,891,813</u>
Total	<u>\$ 5,029,150</u>	<u>\$ (32,079)</u>	<u>\$ 4,997,071</u>	<u>\$ 4,997,071</u>

Florida Education Foundation, Inc.

Notes to Financial Statements

2. Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodial entity, the Foundation's deposits may not be returned to it. At June 30, 2021, the Foundation has one custodian: PNC Bank. The Foundation believes the custodial risk to be minimal.

Interest Rate Risk

Interest rate risk arises from investments in debt instruments and is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation is not directly subject to interest rate risk for its investment in mutual funds that purchase debt instruments, as the Foundation is able to sell their interest in these mutual funds at will (subject to potential redemption fees). Duration of mutual funds comprised of debt instruments was not readily available as of June 30, 2021.

Credit Quality Risk

The Foundation's policy is to invest in high quality instruments with the lowest level of risk. Investments are rated by either Standard & Poor's or Moody's at the time of purchase. Because mutual funds are listed and valued as a whole, not by individual holdings, information about specific ratings cannot be obtained; however, the mutual funds do have exposure to non-investment grade securities.

Foreign Currency Risk

Investments in international equity securities are limited to SEC-Registered, U.S. exchange listed, U.S. dollar-denominated securities in foreign domiciled issuers. The Foundation invests in international securities through American Depository Receipts (ADRs). ADRs represent investments in shares of foreign companies traded on the U.S. financial markets and are denominated in U.S. dollars and, thus, are not exposed to foreign currency risk. Securities of foreign companies traded on foreign stock exchanges may be purchased only with the written permission of the Foundation's Investment Committee. The Foundation has no investments with foreign currency risk at June 30, 2021.

Concentration of Credit Risk

The Investment Policies require investments to be diversified such that there is not an undue concentration in a single industry sector. Investments in equity or fixed income securities are subject to a maximum 5% commitment at cost of the account's total market value for any individual security or single issuer.

Florida Education Foundation, Inc.

Notes to Financial Statements

3. Commitments and Contingencies

During the ordinary course of business, the Foundation executes agreements with hotels for future events. In the case of an unforeseen cancellation, the Foundation is not liable for any significant penalties unless the event is booked at another venue within the area. As of June 30, 2021, management has no intentions to terminate any of the existing agreements which extend through 2021.

4. Programs and Awards

The Foundation presented Teacher of the Year awards of \$2,000 and \$1,091 for the fiscal years ended June 30, 2021 and 2020, respectively, to selected Florida teachers and their schools. Awards are given for district, regional, and state Teachers of the Year in amounts ranging from \$250 to \$5,000.

The Foundation presented other grants/awards as part of other programs totaling \$344,243 and \$159,700 for the fiscal years ended June 30, 2021 and 2020, respectively.

5. Administrative Fees

Individual funds were charged a fee to recover the costs of administering these funds. Administrative fees are eliminated when operating and other funds are combined for financial statement presentation. The administrative fee was 5% of gross revenues for each fund unless otherwise negotiated.

6. Operating Expenses

Operating expenses of the Foundation include both administrative and program expenses. For the years ended June 30, 2021 and 2020 the administrative component of operating expenses was \$265,868 and \$409,633, respectively. The program expenses component for the years ended June 30, 2021 and 2020 was \$1,268,955 and \$2,298,194, respectively.

7. Related Party

During the normal course of business, the Foundation receives contributions, including cash, from board members and their affiliated entities.

8. Designated Net Position, Cash, and Investments

The Board of Directors has designated unrestricted net position for each of the years ended June 30, 2021 and 2020 for the Mary Murdock Endowment Fund in the amount of \$4,396,983 and \$3,350,867, respectively. In addition, the Board of Directors has designated cash and investments in the amount equal to the above designation.

Other Reports

Report of Independent Auditors 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 Education Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Education Foundation, Inc. (the Foundation), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
January 13, 2022

To the Board of Directors
Florida Education Foundation, Inc.

We are pleased to present this report related to our audit of the financial statements of Florida Education Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Foundation's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated August 16, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Board of Directors and the Foundation's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.

Area	Comments
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation. The Foundation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Management's Judgments and Accounting Estimates	Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include: <ul style="list-style-type: none">- Fair value measurement of investments.- In-kind services from the Florida Department of Education.
Audit Adjustments	The Board of Directors may wish to monitor throughout the year the process used to determine and record these accounting estimates.
Audit Adjustments	Audit adjustments proposed by us and recorded by the Foundation are shown on the attached Exhibit A.
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.

rea	Comments
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Foundation's financial and accounting personnel.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements as required by <i>Government Auditing Standards</i> . This communication is included in the Other Reports section of the financial statements.
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter provided to us by the Foundation's management.

This report is intended solely for the information and use of the Board of Governors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Florida Education Foundation, Inc.

Thomas Howell Ferguson P.A.

Florida Education Foundation, Inc.

Year End: June 30, 2021

Journal Entries: Adjusting

Date: 7/1/2020 To 6/30/2021

Exhibit A

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
AJE #1	6/30/2021	Unrealized Gain/Loss	5300				56,999.00			
AJE #1	6/30/2021	Unrealized Gain/Loss	5300				76.00			
AJE #1	6/30/2021	Unrealized Gain/Loss	5300			13,750.00				
AJE #1	6/30/2021	Retained Earnings	32000				4.00			
AJE #1	6/30/2021	Unrestricted	37000			57,080.00				
AJE #1	6/30/2021	Board Restricted	39000				13,751.00			
		To undo the entry made to net position								Factual
AJE #2	6/30/2021	Grant Contributions	4110	6401.	1		36,808.00			
AJE #2	6/30/2021	Deferred Revenue	27000	6401.	1	36,808.00				
		To remove the remaining FAU funds out of deferred revenue and into revenue.								Factual
AJE #3	6/30/2021	In-kind Contributions - Salaries	5700	7201.	3		119,148.00			
AJE #3	6/30/2021	In-Kind Contributions - Benefits	5800	7201.	3		24,981.00			
AJE #3	6/30/2021	In-Kind Contributions - Salaries	6310	7201.	3	119,148.00				
AJE #3	6/30/2021	In-Kind Contributions - Benefits	6320	7201.	3	24,981.00				
		To book in-kind salary and benefit revenue and expense								Factual
AJE #4	6/30/2021	Corporate Contributions	4000	7001.	1	24,052.00				
AJE #4	6/30/2021	Deferred Revenue	27000	7001.	1		24,052.00			
		To defer the remaining portion of unspent funds for the Gates Foundation grant.								Factual
						275,819.00	275,819.00			
		Net Income (Loss)	1,390,048.00							



January 13, 2022

Thomas Howell Ferguson P.A
2615 Centennial Blvd, Suite 200
Tallahassee, Florida 32308

Florida Commissioner of Education
Richard Corcoran

Board of Directors
Charles Hokanson, Chair
Velma Montero-Tribble, Vice Chair
Rebecca Matthews, Treasurer
Raquel Rocky Egusquiza, Secretary
Ron Brise
Gary Chartrand
Chris Dorworth
Don Gaetz
John Grant
John Martino
Tara Tedrow
Maureen Wilt
Mary Chance (ex-officio)
Sarah Painter (ex-officio)

This representation letter is provided in connection with your audit of the basic financial statements of Florida Education Foundation (the Foundation) as of and for the years ended June 30, 2021 and 2020 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 16, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with the Florida Department of Education, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Foundation is contingently liable.
 - b. Agreements to repurchase assets previously sold.
 - c. Security agreements in effect under the Uniform Commercial Code.
 - d. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - e. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - f. All liabilities that are subordinated to any other actual or possible liabilities of the Foundation.
 - g. All leases and material amounts of rental obligations under long-term leases.
 - h. Authorized but unissued bonds and/or notes.
 - i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - j. Debt issue provisions.
 - k. Risk financing activities.
 - l. The fair value of investments.
 - m. Derivative financial instruments.
 - n. Deposits and investment securities categories of risk.
 - o. Arbitrage rebate liabilities.
 - p. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
 - q. Impairment of capital assets.
 - r. Net positions and fund balance classifications.
 - s. All significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.

10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board[s] and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud affecting the Foundation's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
19. We have disclosed to you the identity of the Foundation's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Foundation's ability to record, process, summarize, and report financial data.



21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Foundation has no significant amounts of idle property and equipment or property or equipment.
 - b. The Foundation has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
 - c. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
23. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
 - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
 - d. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2021.
 - e. For any material loss to be sustained as a result of purchase commitments.
24. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
25. The Foundation has satisfactory title to all owned assets.



26. Net positions invested in capital assets, net of related debt; restricted; and unrestricted and fund balances are properly classified and, when applicable, approved.
27. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
28. Revenues are appropriately classified in the statements of activities within program revenues and general revenues and contributions to term or permanent endowments, or contributions to permanent fund principal.
29. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
30. In considering the disclosures that should be made about risks and uncertainties, we have concluded that the following are required:
 - Fair value of investments
 - In-kind services from the Florida Department of Education
31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
32. With respect to the management's discussion and analysis presented as required to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

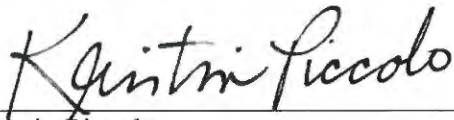
In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

33. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
34. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
35. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
36. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.



37. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
38. Is responsible 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.
39. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
40. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
41. Has a process to track the status of audit findings and recommendations.
42. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
43. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
44. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Florida Education Foundation, Inc



Kristin Piccolo
Executive Director

