

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

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

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**JUNE 30, 2018 and 2017**

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Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

## **INDEPENDENT AUDITORS' REPORT**

Stephanie J. Feldman, CPA

Michelle V. Schalmo, CPA

Shannon Huber, CPA

David N. Phillips, CPA

October 9, 2018

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

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, 2018 and 2017, and the related statements of activities 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. 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
THE EDUCATION FOUNDATION OF COLLIER COUNTY, INC.  
(D/B/A CHAMPIONS FOR LEARNING)  
October 9, 2018

### Opinion

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, 2018 and 2017, 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.

  
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, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
Cash (Note 2)	\$ 766,556	\$ 653,683
Pledges receivable (Note 3)	605,948	901,723
Prepaid expenses and other	6,517	25,444
Prepaid scholarships (Note 4)	3,940,280	3,894,726
Community Foundation Endowment (Notes 5 and 12)	585,856	442,028
Property and equipment, net (Note 7)	<u>1,505,011</u>	<u>1,408,734</u>
 Total Assets	 <u>\$ 7,410,168</u>	 <u>\$ 7,326,338</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and other liabilities (Note 8)	\$ 50,497	\$ 22,702
Tenant escrow deposits	5,589	5,589
Note payable (Note 9)	<u>400,000</u>	<u>600,000</u>
 Total Liabilities	 <u>456,086</u>	 <u>628,291</u>
 Commitments (Note 13)	 <u>0</u>	 <u>0</u>
Net Assets:		
Unrestricted		
Undesignated	1,579,109	1,193,452
Designated	<u>125,000</u>	<u>125,000</u>
	1,704,109	1,318,452
Temporarily restricted (Note 10)	4,760,397	4,995,019
Permanently restricted (Note 11)	<u>489,576</u>	<u>384,576</u>
 Total Net Assets	 <u>6,954,082</u>	 <u>6,698,047</u>
 Total Liabilities and Net Assets	 <u>\$ 7,410,168</u>	 <u>\$ 7,326,338</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, 2018 and 2017**

<b><u>CHANGES IN UNRESTRICTED NET ASSETS:</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Support and Revenues:</b>		
Donations and grants	\$ 1,519,822	\$ 1,164,242
In-kind contributions	336,650	276,722
Special events, net of costs of \$562,248 and \$530,107, respectively (includes equal in-kind revenue and in-kind expense)	275,009	350,722
Interest income and other, net of unrealized gains and losses	78,416	83,646
	<u>2,209,897</u>	<u>1,875,332</u>
<b>Net assets released from restrictions:</b>		
Satisfaction of purpose restrictions (Note 10)	<u>991,692</u>	<u>657,756</u>
 Total Unrestricted Support and Revenues	 <u>3,201,589</u>	 <u>2,533,088</u>
<b>Expenses:</b>		
Program Services:		
Educator programs	237,946	187,735
Community engagement	696,576	449,479
Student programs	674,531	728,614
Grants, scholarships and other	<u>650,409</u>	<u>457,756</u>
 Total Program Services	 <u>2,259,462</u>	 <u>1,823,584</u>
Supporting Services:		
Fundraising – annual campaign	284,844	241,107
General and administrative	<u>271,626</u>	<u>192,782</u>
 Total Supporting Services	 <u>556,470</u>	 <u>433,889</u>
 Total Expenses	 <u>2,815,932</u>	 <u>2,257,473</u>
 Increase in Unrestricted Net Assets	 385,657	 275,615
Unrestricted Net Assets, Beginning of Year	<u>1,318,452</u>	<u>1,042,837</u>
Unrestricted Net Assets, End of Year	<u>\$ 1,704,109</u>	<u>\$ 1,318,452</u>

(Continued)

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b><u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</u></b>		
Donations and grants	\$ 548,615	\$ 331,577
Take stock in children (TSIC) scholarships	162,901	289,403
Plus: Appreciation, net of usage, of the Florida Prepaid Scholarships	45,554	5,395
Less: Satisfaction of purpose restrictions (Note 10)	<u>(991,692)</u>	<u>(657,756)</u>
(Decrease) in Temporarily Restricted Net Assets	(234,622)	(31,381)
Temporarily Restricted Net Assets, Beginning of Year	<u>4,995,019</u>	<u>5,026,400</u>
Temporarily Restricted Net Assets, End of Year	<u>\$ 4,760,397</u>	<u>\$ 4,995,019</u>
<b><u>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:</u></b>		
Permanently Restricted Net Assets, Beginning of Year	\$ 384,576	\$ 329,474
Contributions	<u>105,000</u>	<u>55,102</u>
Permanently Restricted Net Assets, End of Year	<u>\$ 489,576</u>	<u>\$ 384,576</u>
<b><u>CHANGES IN TOTAL NET ASSETS:</u></b>		
Total Net Assets, Beginning of Year	\$ 6,698,047	\$ 6,398,711
Changes in Net Assets	<u>256,035</u>	<u>299,336</u>
Total Net Assets, End of Year	<u>\$ 6,954,082</u>	<u>\$ 6,698,047</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 CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2018 and 2017**

**INCREASE (DECREASE) IN CASH**

	<u>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Changes in net assets	\$ 256,035	\$ 299,336
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	50,806	58,113
Decrease in pledges receivable	295,775	118,988
Decrease (Increase) in prepaid expenses and other	18,927	(5,330)
(Increase) in Florida Prepaid Scholarships	(45,554)	(5,394)
Realized net (gain) on Community Foundation endowment	(22,369)	(8,340)
Unrealized (gain) on Community Foundation endowment	(11,618)	(34,736)
Increase (Decrease) in accounts payable and other liabilities	<u>27,795</u>	<u>(50,977)</u>
Net Cash Provided By Operating Activities	<u>569,797</u>	<u>371,660</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment in Community Foundation endowment	(109,841)	(58,578)
Purchase of property and equipment	<u>(147,083)</u>	<u>(6,770)</u>
Net Cash (Used In) Investing Activities	<u>(256,924)</u>	<u>(65,348)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Principal payment on note payable	<u>(200,000)</u>	<u>(200,000)</u>
Net Cash (Used In) Financing Activities	<u>(200,000)</u>	<u>(200,000)</u>
Net Increase in Cash	112,873	106,312
Cash, Beginning of Year	<u>653,683</u>	<u>547,371</u>
Cash, End of Year	<u>\$ 766,556</u>	<u>\$ 653,683</u>
<b><u>Supplemental Disclosure of Cash Flow Information</u></b>		
Interest paid	<u>\$ 19,466</u>	<u>\$ 20,254</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**

**JUNE 30, 2018 and 2017**

**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 bring the community together to invest in innovative practices that enrich the environment for student learning. The primary source of revenue is individual and corporate donors in Collier County, Florida.

**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.

**Financial Statement Presentation**

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

**Unrestricted**

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. This designation may be removed at the Board's discretion.

**Temporarily Restricted**

Resources accumulated through donations for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor have been satisfied through expenditure for the specified purpose or program or through the passage of time. See Note 10 regarding the Foundation's temporarily restricted net assets at June 30, 2018 and 2017, respectively.

**Permanently Restricted**

Endowment resources accumulated through donations that are subject to the restriction in perpetuity that the principal be invested. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instruments. See Note 11 regarding the Foundation's permanently restricted net assets at June 30, 2018 and 2017, 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**

**JUNE 30, 2018 and 2017**

**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 FASB ASC 958-605-05 and FASB ASC 958-205-05. FASB ASC 958-605-05 requires not-for-profit organizations to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expired as mentioned earlier. FASB ASC 958-205-05 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 three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Under FASB ASC 958-605-05, 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.

**Pledges Receivable**

Pledges receivables are stated at the amount management expects to collect from outstanding balances. 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 conform to GAAP guidelines.

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 does not significantly differ from generally accepted accounting principles. There were \$500 and \$5,000 of pledges written off during fiscal year end June 30, 2018 and 2017, 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 unrestricted, temporarily or permanently restricted resources when earned, determined according to the donor's imposed restrictions. All interest income earned during the fiscal years end June 30, 2018 and 2017 were classified as unrestricted.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**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. 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
Program fixtures	5
Musical instruments	7
Software	5

Expenditures for routine maintenance and repairs are charged to expense as incurred.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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 unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from satisfaction of purpose restriction. Non-cash donations are recorded as contributions at their estimated fair market value.

**In-Kind Contributions**

In-kind contributions 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 Statement of Activities under the caption labeled "in-kind contributions."

**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. Cash consisted of bank deposit and money market accounts at June 30, 2018 and 2017, respectively.

**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 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

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

**Date of Management's Review**

In preparing the audited financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 9, 2018, the date which the audited financial statements were available to be issued. No subsequent events were identified requiring disclosure.

**Reclassifications**

Certain reclassifications have been made to the 2017 financial statements in order for them to be in conformity with the 2018 financial statements. The reclassifications did not have any effect on the net assets for the year ended June 30, 2017.

**NOTE 2 - CASH**

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. Cash of the Foundation exceeded the insured limit by approximately \$302,000 and \$81,000 as of June 30, 2018 and June 30, 2017, respectively. The Foundation believes it is not exposed to any significant risk on bank deposit accounts.

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivables - unrestricted at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Pledge commitments, one year or less	\$ 199,948	\$ 270,723
Total pledges receivable – unrestricted	<u>\$ 199,948</u>	<u>\$ 270,723</u>

Pledges receivables - restricted at June 30, 2018 and 2017 are as follows:

Pledge commitments, due 2019	\$ 206,000	\$ 231,000
Pledge commitments, due 2020	<u>200,000</u>	<u>400,000</u>
Total pledges receivable – restricted	<u>\$ 406,000</u>	<u>\$ 631,000</u>
Total pledges receivable	<u>\$ 605,948</u>	<u>\$ 901,723</u>

The majority of these pledge commitments were related to the funding for the purchase of the building (1<sup>st</sup> floor only) containing the office space that the Foundation uses for its operations. Two (2) individuals pledged to give the Foundation \$500,000 each to assist in the purchase of the building (1<sup>st</sup> floor only) in 2016. Each individual pledged to give \$100,000 in annual installments commencing on March 1, 2016 and concluding on March 1, 2020. Funds from the donors were restricted for the purpose of paying the required annual principal amount of \$200,000 due on March 1<sup>st</sup> each year (see Note 9). The Foundation received \$100,000 from each of these donors during the 2018 and 2017 fiscal years. As of June 30, 2018, \$200,000 of the long-term pledges are due in fiscal 2019 whereas the remaining \$200,000 of the pledges is due in fiscal year 2020.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**NOTE 4 - PREPAID SCHOLARSHIPS**

The Foundation has purchased several college scholarships from the Florida Prepaid College Foundation ("FPCF") which includes 100% matching of funds from the State of Florida for each scholarship dollar donated. These FPCF scholarships are to be used in the future to pay college tuition for low income, at-risk students who are currently attending Collier County schools. Prepaid Scholarships are valued at current average tuition rates as determined by FPCF. The Foundation has elected to reprice these FPCF scholarships annually at year-end based on FPCF's enhanced contract detail report.

The value of these scholarships held by FPCF at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Prepaid Scholarships	\$ <u>3,940,280</u>	\$ <u>3,894,726</u>

Prepaid Scholarships at June 30, 2018 and 2017 represent 675 and 589 scholarships, respectively, subject to the FPCF contract provisions.

**NOTE 5 - COMMUNITY FOUNDATION 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 investment is subject to gains or losses. The Foundation may also receive distributions of income, subject to the Community Foundation of Collier County's spending policy. The endowment balance at June 30, 2018 and 2017 was \$585,856 and \$442,028, respectively.

The Fund is reported at fair value and consists of primarily of various mutual funds.

Currently, the investment policy is to invest with the Community Foundation of Collier County. The changes in endowment net assets as of and for the years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning balance	\$ 442,028	\$ 340,374
Contributions	105,000	55,102
Realized gains	22,369	8,340
Unrealized gains	11,618	34,736
Interest and dividends	9,590	7,191
Administrative fees	(4,749)	(3,715)
Endowment net assets, ending balance	\$ <u>585,856</u>	\$ <u>442,028</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**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, 2018 is not reflected in the accompanying financial statements. During 2018 and 2017, the Foundation received grants totaling \$23,370 and \$23,447 which were recorded as temporarily restricted net assets until the satisfaction of temporary restrictions is met.

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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Building (first floor only)	\$ 1,532,536	\$ 1,407,514
Furniture and fixtures	38,100	25,364
Equipment	75,913	65,128
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	1,744,467	1,595,924
Less: accumulated depreciation	<u>(239,456)</u>	<u>(188,650)</u>
	1,505,011	1,407,274
Construction in progress	<u>0</u>	<u>1,460</u>
Property and equipment, net	<u>\$ 1,505,011</u>	<u>\$ 1,408,734</u>

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$50,806 and \$58,113, respectively.

On February 29, 2016, the Foundation entered a financing agreement for the purchase of their office space on the first floor of the building located in Naples, Florida. The amount of the original note payable was \$900,000 (with an initial \$100,000 principal payment in 2016), and the Foundation made principal payments of \$200,000 during 2018 and 2017, respectively. The remaining note balance of \$400,000 requires annual principal payments over the next two years. The final principal payment and all interest and fees accrued will mature on March 1, 2020 (see Note 9).

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**NOTE 8 - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

Accounts payable and other liabilities at June 30, 2018 and 2017 consisted of the following:

	<b>2018</b>	<b>2017</b>
Accounts payable	\$ 21,229	\$ 7,101
Accrued wages and other	29,268	15,601
Total accounts payable and other liabilities	<b>\$ 50,497</b>	<b>\$ 22,702</b>

**NOTE 9 - NOTE PAYABLE**

Note payable at June 30, 2018 and 2017 consisted of the following:

	<b>2018</b>	<b>2017</b>
Note payable to The Northern Trust Company, secured by pledges of donations, variable interest rate of overnight Libor plus 2% (3.935% and 3.173% at June 30, 2018 and 2017, respectively), commenced on February 29, 2016; matures on March 1, 2020.	\$ 400,000	\$ 600,000
Less: current portion	(200,000)	(200,000)
Total long-term note payable, less current portion	<b>\$ 200,000</b>	<b>\$ 400,000</b>

The principal maturities of the above note payable at June 30, 2018 are as follows:

June 30, 2019	\$ 200,000
June 30, 2020	200,000
Total	<b>\$ 400,000</b>

Total interest costs incurred and paid in 2018 and 2017 was \$19,466 and \$20,254, respectively. The Foundation was in compliance with all its debt covenants at June 30, 2018 and 2017, respectively.

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2018 and 2017 consisted of the following:

	<b>2018</b>	<b>2017</b>
Florida Prepaid Scholarship Program (Note 4)	\$ 3,940,280	\$ 3,894,726
Building future pledge commitments (Note 3)	400,000	600,000
Take Stock in Children Scholarships	7,025	122,146
Lucie Jenny MacCarthy Fund (Note 6)	63	9,719
Women in Naples Giving Support (WINGS)	118,270	101,614
Building restricted for future repairs/maintenance	40,000	40,000
Building / Capital	10,112	36,395
Parent Café	44,684	0
Various grants and scholarships	199,963	190,419
Total temporarily restricted net assets	<b>\$ 4,760,397</b>	<b>\$ 4,995,019</b>



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

During 2018 and 2017, 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:

	<b>2018</b>	<b>2017</b>
Distribution of funds for Educator Programs	\$ 138,760	\$ 114,425
Distribution of funds for Take Stock in Children	329,022	215,109
Distribution of funds for Grants, Scholarships and other	182,627	128,222
Distribution of funds for Building and other costs	341,283	200,000
Total satisfaction of purpose restrictions	<b>\$ 991,692</b>	<b>\$ 657,756</b>

**NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2018 and 2017 consisted of the following:

	<b>2018</b>	<b>2017</b>
Dellora and Norris Foundation	\$ 100,000	\$ 100,000
Lavern Gaynor	100,000	0
David and Vicky Smith	100,000	100,000
Maurice and Dorothy Kent	50,102	50,102
Virginia Quirk	25,650	25,650
State of Florida	12,500	12,500
Northern Trust	10,000	10,000
Strong Roots Campaign	15,000	15,000
Various contributors	76,324	71,324
Total permanently restricted net assets	<b>\$ 489,576</b>	<b>\$ 384,576</b>

**NOTE 12 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, 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 under FASB ASC 820 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018 and 2017**

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

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

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.

Consequently, the following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2018 and 2017:

**June 30, 2018**

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

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Community Foundation	\$ 585,856	\$ 538,402	\$ 0	\$ 47,454

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

Balance, June 30, 2017	\$ 33,152
Contributions and other	11,157
Realized gains	1,812
Unrealized gains	941
Interest and dividends	777
Administrative fees	(385)
Balance, June 30, 2018	\$ 47,454

**June 30, 2017**

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

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Community Foundation	\$ 442,028	\$ 408,876	\$ 0	\$ 33,152

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

**JUNE 30, 2018 and 2017**

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

Balance, June 30, 2016	\$	25,528
Contributions		4,133
Realized gains		626
Unrealized gains		2,605
Interest and dividends		539
Administrative fees		<u>(279)</u>
Balance, June 30, 2017	\$	<u>33,152</u>

**NOTE 13 - COMMITMENTS**

The Foundation leases a copier at \$1,036 per month with the lease expiring in January 2021 and leases a phone service at \$615 per month with the lease expiring in August 2020. Lease expense for the years ended June 30, 2018 and 2017 totaled \$27,655 and \$28,430, respectively.

Minimum future annual base lease payments are as follows:

<u>June 30,</u>		
2019	\$	19,812
2020		19,812
2021		<u>8,832</u>
	\$	<u>48,456</u>