

THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Immokalee Foundation, Inc.
Naples, Florida

We have audited the accompanying financial statements of The Immokalee Foundation, Inc. and Affiliate (the Foundation), a nonprofit organization, which comprises the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 Trustees
The Immokalee Foundation, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Immokalee Foundation, Inc. and Affiliate, as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Naples, Florida
January 7, 2021

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,150,234	\$ 485,603
Grant Receivable	139,587	129,826
Accounts Receivable	599	-
Bequest Receivable	300,000	380,000
Prepaid Expenses and Other Assets	74,442	99,188
Take Stock in Children and Florida Prepaid Scholarships	1,753,506	1,910,547
Unconditional Promises to Give, Net	380,000	273,180
Other Assets	4,238	-
Beneficial Interest in Assets Held by Others	7,575,892	7,593,299
Inventory - Land and Construction in Progress	570,323	-
Property and Equipment, Net	<u>1,128,696</u>	<u>1,173,728</u>
Total Assets	<u><u>\$ 13,077,517</u></u>	<u><u>\$ 12,045,371</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 222,669	\$ 65,643
Scholarships Payable	14,026	27,724
Deferred Revenue	20,000	65,500
Note Payable	<u>389,489</u>	<u>-</u>
Total Liabilities	646,184	158,867
NET ASSETS		
Without Donor Restrictions	8,613,760	8,633,674
With Donor Restrictions		
Subject to Purpose or Time Restrictions	1,283,745	719,002
Held in Perpetuity	<u>2,533,828</u>	<u>2,533,828</u>
Total Net Assets	<u><u>12,431,333</u></u>	<u><u>11,886,504</u></u>
Total Liabilities and Net Assets	<u><u>\$ 13,077,517</u></u>	<u><u>\$ 12,045,371</u></u>

See accompanying Notes to Financial Statements.

THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	\$ 1,161,631	\$ 2,114,325	\$ 3,275,956
Grant Revenues	947,130	-	947,130
Event Revenues	1,064,407	-	1,064,407
Other Revenues	15,274	-	15,274
Contributed Goods and Services	167,089	-	167,089
Increase in Beneficial Interest in Assets Held by Others	231,610	-	231,610
Total Support and Revenues	<u>3,587,141</u>	<u>2,114,325</u>	<u>5,701,466</u>
Net Assets Released from Restrictions	<u>1,549,582</u>	<u>(1,549,582)</u>	<u>-</u>
Total Support, Revenues, and Transfers	5,136,723	564,743	5,701,466
EXPENSES			
Program Services, Grants, and Distributions	3,506,949	-	3,506,949
General and Administrative	360,187	-	360,187
Fundraising	991,641	-	991,641
Costs of Direct Benefit to Donors	297,860	-	297,860
Total Expenses	<u>5,156,637</u>	<u>-</u>	<u>5,156,637</u>
CHANGES IN NET ASSETS	(19,914)	564,743	544,829
Net Assets - Beginning of Year	<u>8,633,674</u>	<u>3,252,830</u>	<u>11,886,504</u>
NET ASSETS - END OF YEAR	<u>\$ 8,613,760</u>	<u>\$ 3,817,573</u>	<u>\$ 12,431,333</u>

See accompanying Notes to Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	anently Total
SUPPORT AND REVENUES			
Contributions	\$ 1,001,601	\$ 452,680	\$ 1,454,281
Grant Revenues	852,432	-	852,432
Event Revenues	1,351,616	-	1,351,616
Other Losses	(8,806)	-	(8,806)
Contributed Goods and Services	152,428	-	152,428
Increase in Beneficial Interest in Assets Held by Others	385,246	-	385,246
Total Support and Revenues	<u>3,734,517</u>	<u>452,680</u>	<u>4,187,197</u>
Net Assets Released from Restrictions	<u>220,475</u>	<u>(220,475)</u>	<u>-</u>
Total Support, Revenues, and Transfers	3,954,992	232,205	4,187,197
EXPENSES			
Program Services, Grants, and Distributions	3,075,368	-	3,075,368
General and Administrative	363,307	-	363,307
Fundraising	766,564	-	766,564
Costs of Direct Benefit to Donors	281,885	-	281,885
Total Expenses	<u>4,487,124</u>	<u>-</u>	<u>4,487,124</u>
CHANGES IN NET ASSETS	(532,132)	232,205	(299,927)
Net Assets - Beginning of Year	<u>9,165,806</u>	<u>3,020,625</u>	<u>12,186,431</u>
NET ASSETS - END OF YEAR	<u>\$ 8,633,674</u>	<u>\$ 3,252,830</u>	<u>\$ 11,886,504</u>

See accompanying Notes to Financial Statements.

THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services and Distributions	General and Administrative	Fundraising	Costs of Direct Benefit to Donors	Total Expenses
Bad Debt	\$ -	\$ 64,980	\$ -	\$ -	\$ 64,980
Bank and Merchant Fees	8,185	2,179	13,152	-	23,516
Communication	72,962	8,405	42,672	-	124,039
Contracted Services	240,910	37,380	59,028	-	337,318
Depreciation	47,833	2,485	2,485	-	52,803
Facility Costs	209,078	32,677	33,155	-	274,910
Facility Costs, Gifts In Kind	-	-	75,785	-	75,785
Field Trips	50,169	-	-	-	50,169
Gifts In Kind	-	-	91,304	-	91,304
Insurance	25,331	2,356	6,345	-	34,032
Marketing	66,813	-	88,562	-	155,375
Other Expenses	136,801	2,294	68,503	150,023	357,621
Payroll Processing Fees	18,939	463	1,258	-	20,660
Professional Services	86,138	10,220	38,044	147,837	282,239
Rental Equipment	8,199	1,724	10,075	-	19,998
Salaries and Benefits	1,762,981	180,479	383,091	-	2,326,551
Scholarships	470,111	-	-	-	470,111
Supplies	196,349	9,274	58,547	-	264,170
Transportation/Meals	106,150	5,271	19,635	-	131,056
	<u>\$ 3,506,949</u>	<u>\$ 360,187</u>	<u>\$ 991,641</u>	<u>\$ 297,860</u>	<u>\$ 5,156,637</u>
Total Functional Expenses					

See accompanying Notes to Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Program Services and Distributions</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Costs of Direct Benefit to Donors</u>	<u>Total Expenses</u>
Bad Debt	\$ 10,450	\$ -	\$ -	\$ -	\$ 10,450
Bank and Merchant Fees	9,083	1,243	8,216	-	18,542
Communication	76,631	6,828	41,030	-	124,489
Contracted Services	88,626	26,455	32,732	-	147,813
Depreciation	54,432	7,060	7,060	-	68,552
Facility Costs	43,684	32,160	34,954	-	110,798
Field Trips	98,364	-	-	-	98,364
Gifts In Kind	-	92,886	59,542	-	152,428
Insurance	25,063	2,269	6,158	-	33,490
Marketing	92,418	-	62,307	-	154,725
Other Expenses	79,671	4,478	160,374	83,867	328,390
Payroll Processing Fees	9,380	1,283	8,484	-	19,147
Professional Services	284,017	14,582	59,286	198,018	555,903
Rental Equipment	16,984	691	1,673	-	19,348
Salaries and Benefits	1,719,558	156,050	223,077	-	2,098,685
Scholarships	251,052	-	-	-	251,052
Supplies	78,297	12,930	37,759	-	128,986
Transportation/Meals	137,658	4,392	23,912	-	165,962
Total Functional Expenses	<u>\$ 3,075,368</u>	<u>\$ 363,307</u>	<u>\$ 766,564</u>	<u>\$ 281,885</u>	<u>\$ 4,487,124</u>

See accompanying Notes to Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 544,829	\$ (299,927)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	52,803	68,552
Change in Allowance for Doubtful Accounts	30,000	-
Discount on Unconditional Promises to Give	-	(9,906)
Change in Beneficial Interest in Assets Held by Others	231,610	(385,246)
Loss on Disposal of Equipment	-	16,954
(Increase) Decrease in:		
Grant Receivable	(9,761)	(5,808)
Accounts Receivable	(599)	-
Bequest Receivable	80,000	2,450
Prepaid Expenses and Other Assets	24,746	(12,460)
Take Stock in Children and Florida Prepaid Scholarships	157,041	(39,235)
Unconditional Promises to Give	(236,820)	(42,180)
Projects Under Development	(278,483)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	157,026	20,712
Scholarships Payable	(13,698)	(4,750)
Deferred Revenue	(45,500)	43,250
Net Cash Provided (Used) by Operating Activities	693,194	(647,594)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	-	151,237
Purchase of Property and Equipment	(299,611)	(38,990)
Purchases of Investments	(4,238)	-
Additional Contributions (Withdrawals) to Beneficial Interest in Assets Held by Others, Net	(214,203)	577,202
Net Cash Provided (Used) by Investing Activities	(518,052)	689,449
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lines of Credit	389,489	-
Pledge Collections	100,000	180,000
Net Cash Provided by Financing Activities	489,489	180,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	664,631	221,855
Cash and Cash Equivalents - Beginning of Year	485,603	263,748
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,150,234	\$ 485,603
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING AND INVESTING ACTIVITIES		
Donation of Land at Fair Value	\$ 290,000	\$ -

See accompanying Notes to Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Immokalee Foundation, Inc. (the Foundation) was incorporated and commenced operations on September 4, 1991, as a Florida nonprofit corporation. The mission of the Foundation is to build pathways to success for the children of Immokalee through programs focused on education, career, and life skills. The Foundation offers students the tools, opportunities, support, and encouragement they need to succeed at each level of their education which will lead to career readiness and economic independence.

In December 2019, the Foundation established CPL Lab, LLC, of which it is the sole member. CPL Lab, LLC was created to assist with the development and implementation of the Foundation's Career Pathways Learning Lab program. The Foundation is providing the LLC donated land and monetary funds referenced above.

Principles of Consolidation

The consolidated financial statements include the accounts of The Immokalee Foundation, Inc. and its affiliate CPL Lab, LLC (hereafter collectively, the "Foundation"). All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Foundation's mission.

Net Assets with Donor Restriction – Time and/or Purpose Restricted for Future Periods – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Foundation and/or passage of time. Such assets normally fund specific expenditures of an operating or capital nature.

Net Assets with Donor Restriction into Perpetuity – Net assets subject to donor-imposed restriction requiring they be maintained permanently by the Foundation. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general Foundation purposes.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes the donation to the Foundation. All donor-restricted contributions are reported as increases in with or without donor restricted net assets depending on the nature of the restrictions. Contributions with donor restrictions are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time or use restriction. However, contributions with donor restrictions whose restrictions are met in the same reporting period are shown as net assets without donor restrictions. Bequests are recognized as revenue upon the donor's death and the Foundation is notified of the gift.

Liquidity

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

Contributed Services and Goods

Contributed assets are reflected as in-kind contributions at their estimated values at the date of receipt. The value of the donated assets in excess of in-kind distributions is reflected as Inventory in the consolidated statements of financial position.

Contributed services and facilities meeting the requirement for recognition in the consolidated financial statements are recorded at the fair market value of professional services and facilities rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in membership services, committee assignments, and fundraising which do not meet the requirements for recognition in the consolidated financial statements. For the years ended June 30, 2020 and 2019, the Foundation recognized \$167,089 and \$152,428, respectively, in contributed goods and services.

Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Foundation's consolidated statements of activities and changes in net assets.

Property and Equipment

The Foundation records property and equipment at cost, when purchased, or at fair market value, when donated, on items more than \$500 with a life greater than one year. Property and equipment are depreciated over their estimated useful lives of 3 to 39 years using the straight-line method of depreciation. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charges to expenses as incurred.

Deferred Revenues

Deferred revenues are revenues that the Foundation has received for special events to be held in the subsequent year. The Foundation's policy is to return any amounts received if the event does not occur, and as such, amounts received are deferred revenue.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the consolidated statements of functional expenses. The expenses are charged directly to program or support services based on management's estimate of resources expended. Salary expenses are allocated based on estimated time spent for each function. Occupancy costs are allocated based on space usage. The costs of special events are included in the category of costs of direct benefits to donors.

Income Taxes

The Internal Revenue Service (IRS) has determined that the Foundation is exempt from income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Foundation has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these consolidated financial statements.

As a limited liability company with only one member, CPL Lab, LLC is a disregarded entity for income tax purposes.

The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

The Foundation follows the provisions of accounting for uncertainty in income taxes recognized in their consolidated financial statements. This prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Foundation has determined that it has no uncertain tax positions.

Unconditional Promises to Give, Net

Unconditional promises to give due in the next year are recorded at their net realizable value. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Those due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Additionally, the Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based upon prior years' experience and management's analysis of specific promises made.

Take Stock in Children and Florida Prepaid Scholarships

The Foundation purchases scholarships from the Florida Prepaid College Foundation (FPCF) as financial resources and student needs allow utilizing a 50/50 match of state appropriations and TIF funds. Prices of the scholarships are established by the Florida Prepaid College Board annually and are based on actuarial assumptions pursuant to Florida state statutes.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Take Stock in Children and Florida Prepaid Scholarships (Continued)

Scholarships are tracked by certificate number and are recorded as assets on the statement of financial position until utilized. Qualified students are matched to a scholarship and the Foundation monitors their progress and usage of the scholarship as they progress through their studies. Unassigned scholarships remain in open inventory. The Foundation estimates a monthly expense of scholarship utilization which is adjusted to actual usage at the end of each fiscal year.

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory – Land and Construction in Progress

Inventory consists of land and houses under construction. Inventories are valued at cost based upon the specific identification method. In-kind inventory is recorded at its estimated market value when received. Inventory for homeownership is expensed to cost of production sold at time of sale to homeowners.

Fair Value Measurements

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

The Foundation has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value at June 30, 2020; however, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 7, 2021, the date the financial statements were available to be issued.

New Accounting Pronouncements – ASU 2018-08

The Academy adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. There was no material impact on the Academy's financial position or change in net assets upon adoption of the new standard.

NOTE 2 LIQUIDITY

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 LIQUIDITY (CONTINUED)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,150,234	\$ 485,603
Grant Receivable	139,587	129,826
Accounts Receivable	599	-
Bequest Receivable	300,000	380,000
Unconditional Promises to Give, Net	380,000	273,180
Beneficial Interest in Assets Held by Others	7,575,892	7,593,299
Less With Donor Restriction Subject to Purpose or Time Restrictions	(1,283,745)	(719,002)
Less With Donor Restrictions in Perpetuity	<u>(2,533,828)</u>	<u>(2,533,828)</u>
Total	<u><u>\$ 5,728,739</u></u>	<u><u>\$ 5,609,078</u></u>

Additionally, the Foundation has a line of credit with a financial institution. Refer to Note 8 for additional details.

NOTE 3 BENEFICIAL INTEREST IN ASSETS HELD BY OTHER

The Foundation transferred funds to the Community Foundation of Collier County for investment purposes. The Community Foundation of Collier County is holding the funds for the benefit of the Foundation. Future benefits of these funds remain on the books of the Foundation as the funds originally belonged to the Foundation. The Foundation can take back the funds at any time. The amounts are recorded at fair value at June 30, 2020 and 2019. The balance at June 30, 2020 and 2019 was \$7,575,892 and \$7,593,299, respectively.

NOTE 4 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30:

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial Interests in Assets Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,575,892</u>	<u>\$ 7,575,892</u>

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Beneficial Interests in Assets Held by Others	\$ -	\$ -	\$ 7,593,299	\$ 7,593,299

The following represents a fair value roll forward of all assets and liabilities measured at Level 3, refer to Note 1 – Summary of Significant Accounting Policies:

Level 3 Beneficial Interest in Assets Held by Others:

Balance at June 30, 2018	\$ 7,785,255
Purchases	-
Interest, Dividends, and Gains (Losses)	385,246
Withdrawals	(577,202)
Balance at June 30, 2019	7,593,299
Purchases	-
Interest, Dividends, and Gains (Losses)	232,593
Withdrawals	(250,000)
Balance at June 30, 2020	\$ 7,575,892

Beneficial interests in assets held by others is categorized at Level 3 and is measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the Community Foundation of Collier County, Inc.

NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30 consists of the following:

	2020	2019
Building and Land	\$ 1,325,321	\$ 1,325,321
Office and Computer Equipment	-	-
Office Furniture	237,875	230,104
Vehicles	57,781	57,781
Total	1,620,977	1,613,206
Less: Accumulated Depreciation	(492,281)	(439,478)
Property and Equipment, Net	\$ 1,128,696	\$ 1,173,728

NOTE 6 UNCONDITIONAL PROMISES TO GIVE, NET

The Foundation routinely receives promises to give for funding of various activities of the Foundation. These promises to give are restricted for the payment of expenses for the projects restricted by each of the donors. As of June 30, unconditional promises to give are as follows:

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 UNCONDITIONAL PROMISES TO GIVE, NET (CONTINUED)

	2020	2019
Unconditional Promises to Give	\$ 380,000	\$ 231,000
Less: Discount to Net Present Value	-	-
Total	\$ 380,000	\$ 231,000

Payments of the promise to give are expected to be as follows:

Year Ending June 30,	Amount
2021	\$ 105,000
2022	75,000
2023	25,000
2024	25,000
2025 and After	150,000
Total	\$ 380,000

NOTE 7 SCHOLARSHIPS

During the years ended June 30, 2020 and 2019, the Foundation incurred expenses of \$470,111 and \$251,052, respectively, for its scholarship programs which are reflected in the accompanying consolidated statements of functional expenses.

NOTE 8 LINE OF CREDIT

The Foundation had one line of credit with a financial institution as of June 30, 2020 and 2019. The amount available under the line of credit was \$1,000,000 and \$300,000 as of June 30, 2020 and 2019, respectively. The line of credit expires August 30, 2021 and is collateralized by the Foundation's beneficial interest in assets held by others. The interest rate for the line of credit was LIBOR plus 1.50%, which was 1.67% and 3.78% as of June 30, 2020 and 2019, respectively, and interest is due monthly. As of June 30, 2020 and 2019, the balance was \$-0- and \$-0-, respectively.

NOTE 9 NOTE PAYABLE

Paycheck Protection Program Loan

In April 2020 the Foundation received a Paycheck Protection Program (PPP) Loan granted by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$389,489. The loan bears interest at 1% per annum and is unsecured. Monthly payments of principal and interest are due beginning in November 2020 through maturity in April 2022. This loan may be forgiven, in part or in full, if the Foundation maintains compensation levels, maintains employee headcount, and spends the proceeds on certain qualifying expenses. As of January 7, 2021, the SBA has not forgiven any portion of the loan. Any amount that may ultimately be forgiven will be recognized as revenue when the Foundation receives notification from the SBA that the loan has been formally forgiven.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE OR TIME

Net assets with donor restrictions are comprised of the following at June 30:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Restricted Donations	\$ 41,322	\$ 35,322
Fund-A-Dream	862,423	452,680
Subject to Passage of Time:		
Unconditional Promises to Give, Net	380,000	231,000
Total	\$ 1,283,745	\$ 719,002

In December 2019, the Foundation entered a “Real Property and Cash Donation Agreement” whereby, the Foundation received (i) approximately 7.76 acres of vacant land located in Collier County Florida (ii) cash in the amount of \$100,000 for permitting and platting expenses and services with respect to the donated property and (iii) an additional amount of cash of up to \$500,000 in matching funds. All cash and real property donated by the Donor under the agreement shall be used to further aims of the Foundation’s Career Pathways Learning Lab program.

NOTE 11 ENDOWMENT

The Foundation has a donor-restricted endowment fund established for the purposes of providing income to support general operations. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Foundation has interpreted relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets. The Foundation considers all earning on endowment funds to be appropriated and available for current year operations.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, as of June 30, 2020 and 2019, no such deficiencies were noted.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 11 ENDOWMENT (CONTINUED)

Spending Policy

The spending policy of endowment assets is determined based on the overall needs of the Foundation balanced with the long-term investment return objectives for a fund to be held in perpetuity. Investment return is recorded as unrestricted when the restrictions are met in the same year as it is earned.

Changes in endowment net assets as of June 30 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2018	\$ -	\$ 2,533,828	\$ 2,533,828
Investment Return:			
Change in Beneficial Interest	<u>157,019</u>	<u>-</u>	<u>157,019</u>
Total Investment Return	157,019	-	157,019
Appropriations	<u>(157,019)</u>	<u>-</u>	<u>(157,019)</u>
Endowment Net Assets as of June 30, 2019	-	2,533,828	2,533,828
Investment Return:			
Change in Beneficial Interest	<u>99,380</u>	<u>-</u>	<u>99,380</u>
Total Investment Return	99,380	-	99,380
Appropriations	<u>(99,380)</u>	<u>-</u>	<u>(99,380)</u>
Endowment Net Assets as of June 30, 2020	<u>\$ -</u>	<u>\$ 2,533,828</u>	<u>\$ 2,533,828</u>

As of June 30, 2020 and 2019, there were no board-designated endowments.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 11 ENDOWMENT (CONTINUED)

Investment Policies

The Foundation has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies, and procedures that are authorized by the board of directors. These guidelines, policies, and procedures shall attempt to generate a long-term investment return that will contribute to meeting the spending needs of the Foundation while maintaining the purchasing power of the investment assets. The Foundation's spending and investment policies works together to achieve this objective. The investment policy establishes a long-term investment objective through diversification of asset classes. To achieve its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment strategy targets a diversified asset allocation that includes domestic equities, non-U.S. equities, fixed income, and alternative investments. The majority of assets are invested in equity or equity like securities. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return.

The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that is equal to or greater than 4% plus inflation over long periods of time. Actual returns in any given year may vary from this amount.

NOTE 12 COMMITMENTS

In December 2017, the Foundation entered into a lease agreement for office space. The lease is for a period of 36 months and allows a renewal option for an additional two years. The monthly payment is \$3,800 with increases of 3% per annum.

The Foundation has a single lease agreement for three copiers. The lease expires in July 2024, and includes monthly payments of \$720.

The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 31,440
2022	8,640
2023	8,640
2024	8,640
Total	<u>\$ 57,360</u>

Rental expense for the years ended June 30, 2020 and 2019 was \$54,240 and \$52,176, respectively.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 BEQUEST RECEIVABLE

In 2018, the Foundation was named a beneficiary of an estate. The Foundation recorded \$300,000 of contributions related to the bequest during the year ended June 30, 2018. This amount is included in Contributions and Bequests Receivables as of June 30, 2020 and June 30, 2019.

During the year ended June 30, 2018, the Foundation was named as beneficiary of a \$500,000 cash bequest of an estate. This amount is included in Contributions and \$80,000 is included in Bequests Receivables as of June 30, 2018. This amount is included in Bequests Receivables as of June 30, 2019. In August of 2019, the Foundation collected \$80,000 related to this bequest.

NOTE 14 RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

As of the June 30, 2020 and 2019, 0% and 65% of promises to give were due from board members, respectively. Promises to give due from board members totaled \$-0- and \$151,000 at June 30, 2020 and 2019, respectively.

As of the June 30, 2020 and 2019, 13% and 22% of contributions revenues were from board members, respectively. Contributions from board members totaled \$677,998 and \$850,453 at June 30, 2020 and 2019, respectively.

NOTE 15 RISKS AND UNCERTAINTIES

In 2020, World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, idle workforce, or loss of revenue due to reductions in certain revenue streams. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of January 7, 2021.