

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Naples, Florida
December 2, 2022

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,713,001	\$ 1,996,290
Grant Receivable	221,790	176,688
Bequest Receivable	300,000	300,000
Prepaid Expenses and Other Assets	197,561	95,242
Take Stock in Children and Florida Prepaid Scholarships	1,828,258	1,730,997
Unconditional Promises to Give, Net	1,996,109	1,051,250
Other Assets	800	4,382
Beneficial Interest in Assets Held by Others	7,666,459	9,244,868
Inventory - Land and Construction in Progress	1,781,311	1,321,944
Property and Equipment, Net	<u>1,046,121</u>	<u>1,076,690</u>
Total Assets	<u><u>\$ 16,751,410</u></u>	<u><u>\$ 16,998,351</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 182,392	\$ 64,748
Scholarships Payable	9,704	6,288
Deferred Revenue	74,102	2,000
Notes Payable	<u>250,000</u>	<u>495,935</u>
Total Liabilities	516,198	568,971
NET ASSETS		
Without Donor Restrictions	9,955,668	11,622,005
With Donor Restrictions		
Subject to Purpose or Time Restrictions	3,745,716	2,273,547
Held in Perpetuity	<u>2,533,828</u>	<u>2,533,828</u>
Total Net Assets	<u>16,235,212</u>	<u>16,429,380</u>
Total Liabilities and Net Assets	<u><u>\$ 16,751,410</u></u>	<u><u>\$ 16,998,351</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	\$ 1,498,910	\$ 3,148,301	\$ 4,647,211
Grant Revenues	-	1,151,135	1,151,135
Event Revenues	590,500	-	590,500
Sale of Constructed Homes	523,912	-	523,912
Other Revenues	283,952	-	283,952
Contributed Goods and Services	11,590	-	11,590
Increase (Decrease) in Beneficial Interest in Assets Held by Others	(1,247,786)	-	(1,247,786)
Total Support and Revenues	1,661,078	4,299,436	5,960,514
 Net Assets Released from Restrictions	 2,827,267	 (2,827,267)	 -
Total Support, Revenues, and Transfers	4,488,345	1,472,169	5,960,514
 EXPENSES			
Program Services, Grants, and Distributions	4,991,118	-	4,991,118
General and Administrative	313,261	-	313,261
Fundraising	611,208	-	611,208
Costs of Direct Benefit to Donors	239,095	-	239,095
Total Expenses	6,154,682	-	6,154,682
 CHANGES IN NET ASSETS	 (1,666,337)	 1,472,169	 (194,168)
 Net Assets - Beginning of Year	 11,622,005	 4,807,375	 16,429,380
 NET ASSETS - END OF YEAR	 \$ 9,955,668	 \$ 6,279,544	 \$ 16,235,212

See accompanying Notes to Consolidated Financial Statements.

THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>As Restated Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 2,076,978	\$ 2,247,383	\$ 4,324,361
Grant Revenues	-	1,257,282	1,257,282
Event Revenues	-	-	-
Other Losses	410,779	-	410,779
Contributed Goods and Services	296,259	-	296,259
Increase (Decrease) in Beneficial Interest in Assets Held by Others	1,979,199	-	1,979,199
Total Support and Revenues	<u>4,763,215</u>	<u>3,504,665</u>	<u>8,267,880</u>
 Net Assets Released from Restrictions	 <u>2,514,863</u>	 <u>(2,514,863)</u>	 <u>-</u>
 Total Support, Revenues, and Transfers	 7,278,078	 989,802	 8,267,880
 EXPENSES			
Program Services, Grants, and Distributions	3,385,099	-	3,385,099
General and Administrative	315,878	-	315,878
Fundraising	753,950	-	753,950
Costs of Direct Benefit to Donors	-	-	-
Total Expenses	<u>4,454,927</u>	<u>-</u>	<u>4,454,927</u>
 CHANGES IN NET ASSETS	 2,823,151	 989,802	 3,812,953
 Net Assets - Beginning of Year	 <u>8,798,854</u>	 <u>3,817,573</u>	 <u>12,616,427</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 11,622,005</u></u>	 <u><u>\$ 4,807,375</u></u>	 <u><u>\$ 16,429,380</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services and Distributions	General and Administrative	Fundraising	Costs of Direct Benefit to Donors	Total Expenses
Bank and Merchant Fees	\$ 1,033	\$ 10,961	\$ -	\$ -	\$ 11,994
Communication	128,083	13,690	37,598	-	179,371
Contracted Services	1,251,399	8,783	-	-	1,260,182
Depreciation	50,269	1,953	1,953	-	54,175
Facility Costs	140,304	31,832	33,345	-	205,481
Field Trips	103,683	-	-	-	103,683
Gifts In Kind	11,590	-	-	-	11,590
Insurance	32,823	2,676	7,263	-	42,762
Marketing	134,826	-	23,461	-	158,287
Other Expenses	291,103	5,426	33,955	83,820	414,304
Payroll Processing Fees	33,838	1,646	4,484	-	39,968
Professional Services	106,280	11,413	14,918	155,275	287,886
Rental Equipment	7,491	978	1,786	-	10,255
Salaries and Benefits	2,064,762	193,160	392,408	-	2,650,330
Scholarships	349,764	-	-	-	349,764
Supplies	144,659	25,778	42,383	-	212,820
Transportation/Meals	139,211	4,965	17,654	-	161,830
	<u>\$ 4,991,118</u>	<u>\$ 313,261</u>	<u>\$ 611,208</u>	<u>\$ 239,095</u>	<u>\$ 6,154,682</u>
Total Functional Expenses					

See accompanying Notes to Consolidated Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services and Distributions	General and Administrative	Fund Raising	Costs of Direct Benefit to Donors	As Restated Total Expenses
Bank and Merchant Fees	\$ 5,845	\$ 5,188	\$ -	\$ -	\$ 11,033
Communication	90,174	11,792	53,998	-	155,964
Contracted Services	343,108	77,350	141,378	-	561,836
Depreciation	49,990	1,938	1,938	-	53,866
Facility Costs	66,691	25,976	26,680	-	119,347
Facility Costs, Gifts In Kind	-	-	12,457	-	12,457
Field Trips	39,364	-	-	-	39,364
Gifts In Kind	16,612	-	16,612	-	33,224
Insurance	28,399	2,557	6,940	-	37,896
Marketing	92,075	-	1,760	-	93,835
Other Expenses	183,068	1,586	5,331	-	189,985
Payroll Processing Fees	18,620	770	2,420	-	21,810
Professional Services	105,981	3,956	10,383	-	120,320
Rental Equipment	7,128	668	1,746	-	9,542
Salaries and Benefits	1,781,094	173,285	440,603	-	2,394,982
Scholarships	340,030	-	-	-	340,030
Supplies	133,014	8,866	22,953	-	164,833
Transportation/Meals	83,906	1,946	8,751	-	94,603
Total Functional Expenses	\$ 3,385,099	\$ 315,878	\$ 753,950	\$ -	\$ 4,454,927

See accompanying Notes to Consolidated Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (194,168)	\$ 3,812,953
Adjustments to Reconcile Changes in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	54,175	53,866
Loan Forgiveness	(245,935)	-
Change in Beneficial Interest in Assets Held by Others	1,909,033	(1,359,735)
(Increase) Decrease in:		
Grant Receivable	(45,102)	(37,101)
Accounts Receivable	-	599
Prepaid Expenses and Other Assets	(102,319)	(20,800)
Other Assets	3,582	-
Take Stock in Children and Florida Prepaid Scholarships	(97,261)	22,509
Unconditional Promises to Give	(944,859)	(671,250)
Projects Under Development	(459,367)	(751,621)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	117,644	7,173
Scholarships Payable	3,416	(7,738)
Deferred Revenue	72,102	2,000
Net Cash Provided by Operating Activities	70,941	1,050,855
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(23,606)	(1,860)
Purchases of Investments	-	(144)
Additional Contributions (Withdrawals) to Beneficial Interest in Assets Held by Others, Net	(330,624)	(309,241)
Net Cash Used by Investing Activities	(354,230)	(311,245)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	-	495,935
Payments on Line of Credit	-	(389,489)
Net Cash Provided by Financing Activities	-	106,446
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(283,289)	846,056
Cash and Cash Equivalents - Beginning of Year	1,996,290	1,150,234
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,713,001	\$ 1,996,290
 SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Loan Forgiveness	\$ 245,935	\$ -

See accompanying Notes to Financial Statements.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 AND 2021**

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, 2022 and 2021, the Foundation recognized \$11,590 and \$45,681, 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.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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, 2022; 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 December 2, 2022, the date the financial statements were available to be issued.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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.

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,713,001	\$ 1,996,290
Grant Receivable	221,790	176,688
Bequest Receivable	300,000	300,000
Unconditional Promises to Give, Net	1,996,109	1,051,250
Beneficial Interest in Assets Held by Others	7,666,459	9,244,868
Less With Donor Restriction Subject to Purpose or Time Restrictions	(3,745,716)	(2,273,547)
Less With Donor Restrictions in Perpetuity	<u>(2,533,828)</u>	<u>(2,533,828)</u>
Total	<u>\$ 5,617,815</u>	<u>\$ 7,961,721</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, 2022 and 2021. The balance at June 30, 2022 and 2021 was \$7,666,459 and \$9,244,868, 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 IMMOKALEE FOUNDATION, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	2022			Total
	Level 1	Level 2	Level 3	
Assets:				
Beneficial Interests in Assets Held by Others	\$ -	\$ -	\$ 7,666,459	\$ 7,666,459
	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Beneficial Interests in Assets Held by Others	\$ -	\$ -	\$ 9,244,868	\$ 9,244,868

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Beneficial Interest in Assets Held by Others	\$ 7,666,459	\$ 9,244,868	Market Price at Close of Business	Amounts and Timing of Distributions from Community Foundation
			2022	2021
Purchases			\$ -	\$ -
Interest, Dividends, and Gains (Losses)			(1,247,785)	1,978,217
Transfers In			-	-
Transfers Out			(330,624)	(309,241)
Total			\$ (1,578,409)	\$ 1,668,976

NOTE 5 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:

	2022	2021
Unconditional Promises to Give	\$ 1,996,109	\$ 1,051,250

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NOTE 5 UNCONDITIONAL PROMISES TO GIVE, NET (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 587,776
2024	433,333
2025	425,000
2026	375,000
2027	75,000
2027 and After	100,000
Total	<u>\$ 1,996,109</u>

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30 consists of the following:

	<u>2022</u>	<u>2021</u>
Building and Land	\$ 1,325,321	\$ 1,325,321
Office Furniture	263,342	239,735
Vehicles	57,781	57,781
Total	<u>1,646,444</u>	<u>1,622,837</u>
Less: Accumulated Depreciation	<u>(600,323)</u>	<u>(546,147)</u>
Property and Equipment, Net	<u>\$ 1,046,121</u>	<u>\$ 1,076,690</u>

NOTE 7 SCHOLARSHIPS

During the years ended June 30, 2022 and 2021, the Foundation incurred expenses of \$349,764 and \$340,030, respectively, for its scholarship programs which are reflected in the accompanying consolidated statements of functional expenses.

NOTE 8 LINE OF CREDIT

The Foundation had a line of credit with a financial institution as of June 30, 2022 and 2021. The amount available under the line of credit was \$1,000,000 as of June 30, 2022 and 2021, respectively. The line of credit expires August 31, 2022 and is collateralized by the Foundation's beneficial interest in assets held by others. At June 30, 2022, the interest rate was Variable SOFR plus 1.60%, which was 3.10%. At June 30, 2021, the interest rate was LIBOR plus 1.50%, which was 3.93%. Interest is due monthly. As of June 30, 2022 and 2021, the balance was \$-0-.

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NOTE 9 NOTES PAYABLE

Paycheck Protection Program Loan

In February 2021, 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 \$245,935. During the year ended June 30, 2022, the SBA formally forgave the entire portion of the obligation under this PPP loan. Therefore, the Foundation recognized \$245,935 of other income for the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on financial position.

Promissory Note

On October 22, 2020, CPL Lab executed a \$250,000 note payable to be used for the CPL Lab house building program. The note matures on the earlier of (a) the closing of the date of the house or (b) October 22, 2022. The loan accrues interest at a rate of .14% per annum, however, the accrued interest on the loan will be waived if CPL Lab repays the loan on or before the maturity date. The outstanding balance of the loan at June 30, 2022 was \$250,000.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE OR TIME

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Programs	\$ 987,725	\$ 1,182,223
Restricted Donations	841,324	41,324
Subject to Passage of Time:		
Unconditional Promises to Give, Net	1,916,667	1,050,000
Total	<u>\$ 3,745,716</u>	<u>\$ 2,273,547</u>

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NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE OR TIME (CONTINUED)

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, 2022 and 2021, no such deficiencies were noted.

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.

**THE IMMOKALEE FOUNDATION, INC. AND AFFILIATE
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NOTE 11 ENDOWMENT (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets as of June 30, 2020	\$ -	\$ 2,533,828	\$ 2,533,828
Investment Return:			
Change in Beneficial Interest	877,814	-	877,814
Total Investment Return	877,814	-	877,814
Appropriations	(877,814)	-	(877,814)
Endowment Net Assets as of June 30, 2021	-	2,533,828	2,533,828
Investment Return:			
Change in Beneficial Interest	(582,018)	-	(582,018)
Total Investment Return	(582,018)	-	(582,018)
Appropriations	582,018	-	582,018
Endowment Net Assets as of June 30, 2022	<u>\$ -</u>	<u>\$ 2,533,828</u>	<u>\$ 2,533,828</u>

As of June 30, 2022 and 2021, there were no board-designated endowments.

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.

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NOTE 12 COMMITMENTS

In July 2021, 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 \$4,000 with per annum increases of the greater of 3% or the increase in CPI.

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>
2023	\$ 61,008
2024	62,579
Total	<u>\$ 123,587</u>

Rental expense for the years ended June 30, 2022 and 2021 was \$54,240.

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, 2022 and June 30, 2021.

NOTE 14 RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

As of the June 30, 2022 and 2021, 39% and 52% of promises to give were due from board members, respectively. Promises to give due from board members totaled \$750,000 and \$50,000 at June 30, 2022 and 2021, respectively.

As of the June 30, 2022 and 2021, 27% and 22% of contributions revenues were from board members, respectively. Contributions from board members totaled \$1,728,129 and \$1,420,280 at June 30, 2022 and 2021, respectively.

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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 2023 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 December 2, 2022.