

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Hillsborough Education Foundation, Inc.  
Tampa, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hillsborough Education Foundation, Inc. (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, 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.

### ***Auditors' Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hillsborough Education Foundation, Inc. as of June 30, 2021 and 2020, 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.

**Other Matters**

*Other Information – Schedule of Expenditures of State Financial Assistance*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of state financial assistance as required by *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General for *Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650), is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tampa, Florida  
November 10, 2021

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

|  | 2021          | 2020         |
|--|---------------|--------------|
| <b>ASSETS</b>                                |               |              |
| <b>CURRENT ASSETS</b>                        |               |              |
| Cash and Cash Equivalents                    | \$ 833,208    | \$ 702,706   |
| Restricted Cash                              | 250,000       | 250,000      |
| Accounts Receivable                          | 170,778       | 384,136      |
| Pledges Receivable                           | 149,313       | 144,782      |
| Investments                                  | 1,195,665     | 1,174,590    |
| Total Current Assets                         | 2,598,964     | 2,656,214    |
| Prepaid Scholarships                         | 2,914,485     | 3,166,289    |
| Furniture, Equipment, and Improvements, Net  | 357,753       | 104,477      |
| Investments                                  | 4,654,240     | 3,590,557    |
| Beneficial Interest in Assets Held by Others | 55,829        | 44,189       |
| Deposits                                     | 24,654        | 5,444        |
| Total Assets                                 | \$ 10,605,925 | \$ 9,567,170 |
| <b>LIABILITIES AND NET ASSETS</b>            |               |              |
| <b>CURRENT LIABILITIES</b>                   |               |              |
| Accounts Payable                             | \$ 123,889    | \$ 61,147    |
| Accrued Expenses                             | 737,406       | 669,988      |
| Deferred Revenue                             | 33,344        | 20,068       |
| Total Current Liabilities                    | 894,639       | 751,203      |
| Long-Term Debt                               | -             | 254,400      |
| Total Liabilities                            | 894,639       | 1,005,603    |
| <b>NET ASSETS</b>                            |               |              |
| Without Donor Restrictions                   | 2,774,709     | 2,069,806    |
| With Donor Restrictions                      | 6,936,577     | 6,491,761    |
| Total Net Assets                             | 9,711,286     | 8,561,567    |
| Total Liabilities and Net Assets             | \$ 10,605,925 | \$ 9,567,170 |

See accompanying Notes to Financial Statements.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---------------------------------------|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>            |                                       |                                    |                     |
| Community Support and Revenue:        |                                       |                                    |                     |
| Public Support:                       |                                       |                                    |                     |
| Received Directly:                    |                                       |                                    |                     |
| Contributions                         | \$ 347,765                            | \$ 1,807,294                       | \$ 2,155,059        |
| State Grants                          | -                                     | 1,199,495                          | 1,199,495           |
| Local Grants                          | 56,000                                | 422,155                            | 478,155             |
| Fundraising Events, Net               | 210,848                               | 22,000                             | 232,848             |
| Donated Goods and Services:           |                                       |                                    |                     |
| Teaching Tools                        | -                                     | 2,430,043                          | 2,430,043           |
| Other                                 | 5,467                                 | 302,861                            | 308,328             |
| Total Community Support and Revenue   | <u>620,080</u>                        | <u>6,183,848</u>                   | <u>6,803,928</u>    |
| Other Revenue:                        |                                       |                                    |                     |
| Unrealized Scholarship Depreciation   | -                                     | (23,742)                           | (23,742)            |
| Loss on Reinvestment of Scholarships  | -                                     | (62,705)                           | (62,705)            |
| Investment Return, Net                | 508,247                               | 569,308                            | 1,077,555           |
| PPP Loan Forgiveness                  | 254,400                               | -                                  | 254,400             |
| Other Revenue                         | 3,125                                 | -                                  | 3,125               |
| Total Other Revenue                   | <u>765,772</u>                        | <u>482,861</u>                     | <u>1,248,633</u>    |
| Net Assets Released from Restrictions | <u>6,221,893</u>                      | <u>(6,221,893)</u>                 | <u>-</u>            |
| Total Support and Revenue             | <u>7,607,745</u>                      | <u>444,816</u>                     | <u>8,052,561</u>    |
| <b>EXPENSES</b>                       |                                       |                                    |                     |
| Program Services                      | 6,361,860                             | -                                  | 6,361,860           |
| Management and General                | 232,108                               | -                                  | 232,108             |
| Fundraising                           | 308,874                               | -                                  | 308,874             |
| Total Expenses                        | <u>6,902,842</u>                      | <u>-</u>                           | <u>6,902,842</u>    |
| <b>CHANGE IN NET ASSETS</b>           | 704,903                               | 444,816                            | 1,149,719           |
| Net Assets - Beginning of Year        | <u>2,069,806</u>                      | <u>6,491,761</u>                   | <u>8,561,567</u>    |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$ 2,774,709</u>                   | <u>\$ 6,936,577</u>                | <u>\$ 9,711,286</u> |

See accompanying Notes to Financial Statements.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---------------------------------------|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>            |                                       |                                    |                     |
| Community Support and Revenue:        |                                       |                                    |                     |
| Public Support:                       |                                       |                                    |                     |
| Received Directly:                    |                                       |                                    |                     |
| Contributions                         | \$ 389,306                            | \$ 1,498,892                       | \$ 1,888,198        |
| State Grants                          | -                                     | 903,911                            | 903,911             |
| Local Grants                          | 41,000                                | 870,271                            | 911,271             |
| Fundraising Events, Net               | 233,222                               | 60,900                             | 294,122             |
| Donated Goods and Services:           |                                       |                                    |                     |
| Teaching Tools                        | -                                     | 2,708,608                          | 2,708,608           |
| Other                                 | 4,804                                 | 325,446                            | 330,250             |
| Total Community Support and Revenue   | <u>668,332</u>                        | <u>6,368,028</u>                   | <u>7,036,360</u>    |
| Other Revenue:                        |                                       |                                    |                     |
| Unrealized Scholarship Depreciation   | -                                     | (47,579)                           | (47,579)            |
| Investment Return, Net                | 68,027                                | 20,763                             | 88,790              |
| Other Revenue                         | 35,561                                | 367,143                            | 402,704             |
| Total Other Revenue                   | <u>103,588</u>                        | <u>340,327</u>                     | <u>443,915</u>      |
| Net Assets Released from Restrictions | <u>6,336,516</u>                      | <u>(6,336,516)</u>                 | <u>-</u>            |
| Total Support and Revenue             | <u>7,108,436</u>                      | <u>371,839</u>                     | <u>7,480,275</u>    |
| <b>EXPENSES</b>                       |                                       |                                    |                     |
| Program Services                      | 6,397,183                             | -                                  | 6,397,183           |
| Management and General                | 263,065                               | -                                  | 263,065             |
| Fundraising                           | 288,785                               | -                                  | 288,785             |
| Total Expenses                        | <u>6,949,033</u>                      | <u>-</u>                           | <u>6,949,033</u>    |
| <b>CHANGE IN NET ASSETS</b>           | 159,403                               | 371,839                            | 531,242             |
| Net Assets - Beginning of Year        | <u>1,910,403</u>                      | <u>6,119,922</u>                   | <u>8,030,325</u>    |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$ 2,069,806</u>                   | <u>\$ 6,491,761</u>                | <u>\$ 8,561,567</u> |

See accompanying Notes to Financial Statements.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

|   | Program<br>Services | Supporting Services       |                   | Total               |
|---|---------------------|---------------------------|-------------------|---------------------|
|   |                     | Management<br>and General | Fundraising       |                     |
| Salaries and Benefits   | \$ 1,316,949        | \$ 175,572                | \$ 251,995        | \$ 1,744,516        |
| Occupancy, Infrastructure, and Insurance  | 209,518             | 17,767                    | 17,739            | 245,024             |
| Grant and Award Distributions   | 743,598             | -                         | -                 | 743,598             |
| Scholarships  | 1,084,759           | -                         | -                 | 1,084,759           |
| Depreciation and Amortization   | 14,551              | 1,688                     | 1,932             | 18,171              |
| Other Expenses  | 265,803             | 30,362                    | 32,237            | 328,402             |
| In- Kind Expense  | 2,726,682           | 6,719                     | 4,971             | 2,738,372           |
| Events  | -                   | -                         | 68,677            | 68,677              |
| Total Expenses by Function  | <u>6,361,860</u>    | <u>232,108</u>            | <u>377,551</u>    | <u>6,971,519</u>    |
| Less: Expenses Included with Revenues on the<br>Statement of Activities and Changes in Net Assets:            |                     |                           |                   |                     |
| Fundraising Event Expense   | <u>-</u>            | <u>-</u>                  | <u>(68,677)</u>   | <u>(68,677)</u>     |
| Total Expenses Included in the Expense<br>Section on the Statement of Activities<br>and Changes in Net Assets | <u>\$ 6,361,860</u> | <u>\$ 232,108</u>         | <u>\$ 308,874</u> | <u>\$ 6,902,842</u> |
| Functional Expenses as a Percentage of Total  | <u>92%</u>          | <u>3%</u>                 | <u>5%</u>         | <u>100%</u>         |

See accompanying Notes to Financial Statements.



**HILLSBOROUGH EDUCATION FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

|   | Program<br>Services | Supporting Services       |                   | Total               |
|---|---------------------|---------------------------|-------------------|---------------------|
|   |                     | Management<br>and General | Fundraising       |                     |
| Salaries and Benefits   | \$ 1,053,056        | \$ 187,541                | \$ 218,441        | \$ 1,459,038        |
| Occupancy, Infrastructure, and Insurance  | 181,996             | 14,995                    | 16,365            | 213,356             |
| Grant and Award Distributions   | 717,698             | -                         | 4,383             | 722,081             |
| Scholarships  | 989,730             | -                         | -                 | 989,730             |
| Depreciation and Amortization   | 80,222              | 5,918                     | 6,805             | 92,945              |
| Other Expenses  | 347,510             | 44,571                    | 36,418            | 428,499             |
| In- Kind Expense  | 3,026,971           | 10,040                    | 6,373             | 3,043,384           |
| Events  | -                   | -                         | 116,627           | 116,627             |
| Total Expenses by Function  | <u>6,397,183</u>    | <u>263,065</u>            | <u>405,412</u>    | <u>7,065,660</u>    |
| Less: Expenses Included with Revenues on the<br>Statement of Activities and Changes in Net Assets:            |                     |                           |                   |                     |
| Fundraising Event Expense   | -                   | -                         | (116,627)         | (116,627)           |
| Total Expenses Included in the Expense<br>Section on the Statement of Activities<br>and Changes in Net Assets | <u>\$ 6,397,183</u> | <u>\$ 263,065</u>         | <u>\$ 288,785</u> | <u>\$ 6,949,033</u> |
| Functional Expenses as a Percentage of Total  | <u>92%</u>          | <u>4%</u>                 | <u>4%</u>         | <u>100%</u>         |

See accompanying Notes to Financial Statements.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2021 AND 2020**

|   | 2021         | 2020        |
|---|--------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |             |
| Change in Net Assets  | \$ 1,149,719 | \$ 531,242  |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities |              |             |
| Depreciation and Amortization   | 18,171       | 92,945      |
| Realized and Unrealized Gains (Loss) on Investment  | (963,936)    | 48,194      |
| Net Utilization of Prepaid Scholarships   | 310,356      | 323,241     |
| Unrealized Scholarship Depreciation   | 23,742       | 47,579      |
| Loss on Reinvestment of Scholarships  | 62,705       | -           |
| Forgiveness of Paycheck Protection Program Loan   | (254,400)    | -           |
| (Increase) Decrease in Assets:  |              |             |
| Accounts Receivable   | 213,358      | (320,060)   |
| Pledges Receivable  | (4,531)      | (58,194)    |
| Beneficial Interest in Assets Held by Others  | (11,640)     | 2,197       |
| Deposits  | (19,210)     | 6,858       |
| Increase (Decrease) in Liabilities:   |              |             |
| Accounts Payable  | 62,742       | (72,679)    |
| Accrued Expenses  | 67,418       | 74,738      |
| Deferred Revenue  | 13,276       | (129,070)   |
| Net Cash Provided by Operating Activities   | 667,770      | 546,991     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |             |
| Prepaid Scholarship Additions   | (144,999)    | (208,846)   |
| Purchase of Property, Equipment, and Improvements   | (271,447)    | (71,392)    |
| Purchase of Investments   | (1,745,094)  | (3,055,136) |
| Proceeds from Sale of Investments   | 1,624,272    | 2,401,500   |
| Net Cash Used by Investing Activities   | (537,268)    | (933,874)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |              |             |
| Proceeds from Long-Term Debt  | -            | 254,400     |
| Net Cash Provided by Financing Activities   | -            | 254,400     |
| <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>                              | 130,502      | (132,483)   |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year                               | 952,706      | 1,085,189   |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>                              | \$ 1,083,208 | \$ 952,706  |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                                       |              |             |
| Noncash Financing Activities:   |              |             |
| Forgiveness of Paycheck Protection Program Loan   | \$ 254,400   | \$ -        |

See accompanying Notes to Financial Statements.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Hillsborough Education Foundation, Inc. (the Foundation), was incorporated on March 2, 1988 under Chapter 617 of the Florida Statutes as a nonprofit corporation for educational and charitable purposes. The mission of the Foundation is to strengthen public education in Hillsborough County through advocacy, investment of resources, and programs that empower every student to achieve both academic and personal success.

**Basis of Accounting**

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole, and to present balances and transactions according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions received and unconditional promises to give are measured at their fair values at the date of contribution and are reported as increases in net assets. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

**Restricted Cash**

The line of credit is secured by a deposit account with the same financial institution with \$250,000 at June 30, 2021 and 2020. The collateralized assets are shown as Restricted Cash in the accompanying statements of financial position.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable and Pledges Receivable**

The Foundation receives support from contributions, state grants, and local grants. The Foundation considers the receivables to be fully collectible. As such, there is no allowance for doubtful accounts included for the years ended June 30, 2021 and 2020. These receivables are written off when management deems the accounts to be uncollectible.

**Investments**

Investments are stated at fair value based upon quoted market prices with dividends, interest, investment fees, realized and unrealized gains and losses captioned as investment return, net on the statements of activities and changes in net assets. Noncurrent investments include donor-restricted and board designated endowments, as well as donor-advised funds.

**Prepaid Scholarships**

Prepaid scholarships consist of amounts paid to the Florida Prepaid College Foundation, Inc. for the purpose of purchasing scholarships to be awarded in the future to qualified students. The expenses related to these scholarships are recognized in the statements of activities and changes in net assets at the time scholarships are paid by the Florida Prepaid College Foundation, Inc. to the qualified students selected higher education institution.

**Furniture, Equipment, and Improvements**

Furniture, equipment, and improvements are stated at cost or fair value at the date of donation. Depreciation and amortization are calculated using the straight-line method over an estimated useful life of one to 10 years. The Foundation capitalizes asset acquisitions and improvements which have a useful life of over one year and exceed \$1,000 individually.

**Beneficial Interest in Assets Held by Others**

This consists of a fund with the Community Foundation of Tampa Bay, Inc. (the Community Foundation). The funds are invested in the Community Foundation's investment pool and the Foundation receives a proportionate share of the overall investment return of the pool. The underlying investments in the Community Foundation's investment pool consists of cash, equity securities, debt securities, private equity funds, limited partnerships, and hedge funds. Distributions and changes in fair value are recognized in the statements of activities and changes in net assets.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Grants**

Contributions received are classified as with and without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions receivable are recognized when an unconditional promise to give is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Foundation has not recorded the present value discount for long-term contributions as they have determined it does not materially impact the financial statements.

Conditional contributions – that is, those with a measurable performance or other barrier and a right of return – are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Payments received before conditions are substantially met are recorded as deferred revenue in the accompanying statements of financial position.

There were a total of approximately \$1,444,000 in conditional contributions and grants awarded to the Foundation in the year ended June 30, 2021. Of the total conditional contributions awarded, approximately \$730,000 depended on incurring qualified expenses and approximately \$714,000 depended on obtaining matching funds.

There were a total of approximately \$942,000 in conditional contributions and grants awarded to the Foundation in the year ended June 30, 2020. Of the total conditional contributions awarded, approximately \$306,000 depended on incurring qualified expenses and approximately \$636,000 depended on obtaining matching funds.

Consequently, at June 30, 2021, conditional contributions and grants approximating \$164,000, have not been recognized in the accompanying statement of activities and changes in net assets because the condition(s) on which they depend has not yet been met. Of the total conditional contributions not recognized, \$164,000 depend on stipulations that are related to the purpose of the agreement.

At June 30, 2020, conditional contributions and grants approximating \$20,000, have not been recognized in the accompanying statement of activities and changes in net assets because the condition(s) on which they depend has not yet been met. Of the total conditional contributions not recognized, \$20,000 depend on stipulations that are related to the purpose of the agreement.

The Foundation conducted a variety of programmatic events during the years ended June 30, 2021 and 2020 to benefit the Foundation which are reflected in the statements of activities and changes in net assets as Contributions. Proceeds from programmatic events comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total proceeds and the exchange element. The exchange element includes the meals and activities provided at the event, which the Foundation recognizes when the performance obligation is met. The performance obligation is met at the point in time of the event. The exchange element for the programmatic events held in the years ended June 30, 2021 and 2020 were approximately \$5,000 and \$15,000, respectively.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fundraising Events**

The Foundation conducted a variety of fundraising events during the years ended June 30, 2021 and 2020 to benefit the Foundation which are reflected in the statements of activities and changes in net assets as Fundraising Events, Net. Proceeds from fundraising events comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total proceeds and the exchange element. The exchange element includes the meals and activities provided at the event, which the Foundation recognizes when the performance obligation is met. The performance obligation is met at the point in time of the event.

Fundraising events, net consisted of the following for the years ended June 30:

|                         | 2021       | 2020       |
|-------------------------|------------|------------|
| Contribution Revenue    | \$ 250,490 | \$ 342,083 |
| Exchange Revenue        | 51,035     | 68,666     |
| Total Proceeds          | 301,525    | 410,749    |
| Less: Direct Expenses   | (68,677)   | (116,627)  |
| Fundraising Events, Net | \$ 232,848 | \$ 294,122 |

**Donated Goods and Services**

Donations of goods used by the Foundation are recorded as contributions and as assets or expenses to the extent that an objective basis is available to measure the value of such items. Donated goods for the Teaching Tools Store are recognized when they are distributed to recipients since that is when the Foundation has determined whether the goods will be used in programs.

Donated services are recognized as contributions upon performance of service if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals or organizations possessing these skills, and would typically need to be purchased if not provided by donations. A substantial number of volunteers have contributed significant amounts of time and services to the Foundation's activities. However, these services have not been recognized in the financial statements since the recognition criteria have not been met.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated using factors such as square footage and headcounts for depreciation, amortization, occupancy, infrastructure, and insurance. The allocations for salaries and benefits are based on estimated time and effort of the Foundation's personnel.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is exempt from state corporate income tax under applicable Florida Statutes. Under certain circumstances, the Internal Revenue Code provides for taxation of unrelated business income. Such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. Management is not aware of any activities that would jeopardize the Foundation's tax-exempt status.

Management has evaluated all tax positions that could have a significant effect on the financial statements and determined that the Foundation had no uncertain income tax positions at June 30, 2021 and 2020.

**Concentrations of Credit Risk**

The Foundation maintains checking and depository accounts with financial institutions which are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash balances on deposit may exceed federally insured amounts.

**Use of Estimates**

The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and operating expenses and to disclose contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Change in Accounting Principle**

Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for non-public entities. The accounting changes have been retrospectively applied to prior periods presented as if the policy had always been used.

**Subsequent Events**

We have evaluated subsequent events through November 10, 2021, the date the financial statements were available to be issued.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Foundation has a policy to target a year-end balance of reserves from net assets without donor restrictions to meet at least six months of expected expenditures. During the years ended June 30, 2021 and 2020 the level of liquidity and reserves was managed within the policy requirements.

As part of the Foundation's liquidity management, the Foundation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has committed a line of credit in the amount of \$250,000 which it could draw upon. Additionally, the Foundation has a board-designated quasi-endowment of approximately \$1.6 and \$1.2 million available as of June 30, 2021 and 2020, respectively.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Cash and Cash Equivalents   | \$ 833,208          | \$ 702,706          |
| Accounts Receivable   | 170,778             | 384,136             |
| Pledges Receivable  | 149,313             | 144,782             |
| Investments   | 5,849,905           | 4,765,147           |
| Total Financial Assets  | <u>7,003,204</u>    | <u>5,996,771</u>    |
| Less: Donor-Imposed Restrictions  | (4,246,779)         | (3,591,165)         |
| Less: Board-Designated Quasi-Endowment                                      | <u>(1,574,972)</u>  | <u>(1,234,438)</u>  |
| Total Financial Assets Available for General<br>Expenditure Within One Year | <u>\$ 1,181,453</u> | <u>\$ 1,171,168</u> |

**NOTE 3 FAIR VALUE MEASUREMENTS**

The Foundation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that 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 are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.



**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability.

A significant portion of our investment assets are classified within Level 1 because they comprise fixed income, equities, and strategic opportunities with readily determinable fair values based on daily redemption values. The fair value of the beneficial interest in assets held by the Community Foundation is based on the fair value of assets. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at June 30:

|                               | 2021                |             |                  | Total               |
|-------------------------------|---------------------|-------------|------------------|---------------------|
|                               | Level 1             | Level 2     | Level 3          |                     |
| Cash and Cash Equivalents     | \$ 243,251          | \$ -        | \$ -             | \$ 243,251          |
| Fixed Income                  | 1,946,810           | -           | -                | 1,946,810           |
| Equities                      | 3,244,210           | -           | -                | 3,244,210           |
| Strategic Opportunities       | 415,634             | -           | -                | 415,634             |
| Total Investments             | <u>5,849,905</u>    | -           | -                | <u>5,849,905</u>    |
| Beneficial Interest in Assets |                     |             |                  |                     |
| Held by Others                | -                   | -           | 55,829           | 55,829              |
| Total Assets at Fair Value    | <u>\$ 5,849,905</u> | <u>\$ -</u> | <u>\$ 55,829</u> | <u>\$ 5,905,734</u> |
|                               |                     |             |                  |                     |
|                               | 2020                |             |                  | Total               |
|                               | Level 1             | Level 2     | Level 3          |                     |
| Cash and Cash Equivalents     | \$ 406,544          | \$ -        | \$ -             | \$ 406,544          |
| Fixed Income                  | 1,491,733           | -           | -                | 1,491,733           |
| Equities                      | 2,536,827           | -           | -                | 2,536,827           |
| Strategic Opportunities       | 330,043             | -           | -                | 330,043             |
| Total Investments             | <u>4,765,147</u>    | -           | -                | <u>4,765,147</u>    |
| Beneficial Interest in Assets |                     |             |                  |                     |
| Held by Others                | -                   | -           | 44,189           | 44,189              |
| Total Assets at Fair Value    | <u>\$ 4,765,147</u> | <u>\$ -</u> | <u>\$ 44,189</u> | <u>\$ 4,809,336</u> |

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment return, net consisted of the following for the years ended June 30:

|                                     | 2021                | 2020             |
|-------------------------------------|---------------------|------------------|
| Interest and Dividend Income        | \$ 133,968          | \$ 154,245       |
| Realized and Unrealized Gain (Loss) | 963,936             | (48,194)         |
| Investment Fees                     | (20,349)            | (17,261)         |
| Investment Return, Net              | <u>\$ 1,077,555</u> | <u>\$ 88,790</u> |

The following table sets forth the valuation technique for Level 3 assets as of June 30:

| Instrument                                      | Fair Value |           | Principal<br>Valuation<br>Technique | Unobservable<br>Inputs           |
|---|------------|-----------|-------------------------------------|----------------------------------|
|   | 2021       | 2020      |                                     |                                  |
| Beneficial Interest in<br>Assets Held by Others | \$ 55,829  | \$ 44,189 | Fair Market<br>Value of<br>Assets   | Value of<br>Underlying<br>Assets |

The following table summarizes the activity of Level 3 assets for the years ended June 30:

|  | 2021             | 2020             |
|--|------------------|------------------|
| Beneficial Interest in Assets Held by Others - Beginning of Year | \$ 44,189        | \$ 46,386        |
| Contributions  | 500              | -                |
| Distributions  | (2,116)          | (2,162)          |
| Investment Income (Loss), Net                                    | 13,256           | (35)             |
| Beneficial Interest in Assets Held by Others - End of Year       | <u>\$ 55,829</u> | <u>\$ 44,189</u> |

**NOTE 4 FURNITURE, EQUIPMENT, AND IMPROVEMENTS**

Furniture, equipment, and improvements consisted of the following at June 30:

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Software and Website                              | \$ 84,642         | \$ 84,642         |
| Furniture, Fixtures, and Equipment                | 128,717           | 119,929           |
| Leasehold Improvements                            | 831,421           | 565,268           |
| Vehicles  | 30,700            | 30,951            |
| Subtotal  | 1,075,480         | 800,790           |
| Less: Accumulated Depreciation and Amortization   | (717,727)         | (696,313)         |
| Total Furniture, Equipment, and Improvements, Net | <u>\$ 357,753</u> | <u>\$ 104,477</u> |

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 COMMITMENTS**

The Foundation entered into an office space lease with the City of Tampa effective March 2010 for \$1 per year for a period of 10 years, with optional renewals for two additional five year terms. The first optional renewal was effective October 15, 2019 and extended the term through February 11, 2025. The lease agreement required the Foundation to make certain financial commitments for improvements, repairs, and maintenance to the leased premises during the term of the agreement. The Foundation has satisfied the lease improvements stipulated under the original agreement and undertaken additional modifications through June 30, 2021 and expect to continue to meet ongoing requirements.

**NOTE 6 LINE OF CREDIT**

The Foundation established a \$250,000 secured line of credit with a financial institution, bearing interest at the prime rate minus 0.25%. Monthly payments are payable in an amount greater than \$250 or the aggregate sum of accrued interest, plus, 1/60th of the unpaid principal balance. The line of credit is secured by a deposit account with the same financial institution in the amount of \$250,000. The line of credit was not used in the years ended June 30, 2021 and 2020.

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or other events specified by the donors consisted of the following at June 30:

|  | 2021         | 2020         |
|--|--------------|--------------|
| Subject to Expenditure for Specified Purpose:  |              |              |
| Scholarships and Mentoring   | \$ 4,938,796 | \$ 4,893,939 |
| School and Classroom Enrichment  | 653,672      | 484,785      |
| Digital Equity   | 135,897      | -            |
| College and Career Readiness   | 60,722       | 146,746      |
| Teaching Tools   | 15,339       | 3,250        |
| Teacher Support and Recognition  | 7,324        | 6,364        |
| Total  | 5,811,750    | 5,535,084    |
| Subject to the Passage of Time:  |              |              |
| Scholarships and Mentoring   | 138,050      | -            |
| School and Classroom Enrichment  | -            | 120,000      |
| Total  | 138,050      | 120,000      |
| Endowments to be Invested in Perpetuity, the Income from which is Expendable to Support: |              |              |
| Scholarships and Mentoring   | 976,777      | 826,677      |
| School and Classroom Enrichment  | 10,000       | 10,000       |
| Total  | 986,777      | 836,677      |
| Total Net Assets with Donor Restrictions   | \$ 6,936,577 | \$ 6,491,761 |

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30:

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Satisfaction of Purpose Restrictions:             |                     |                     |
| Scholarships and Mentoring                        | \$ 1,845,623        | \$ 1,770,776        |
| School and Classroom Enrichment                   | 553,040             | 726,888             |
| Digital Equity                                    | 633,666             | -                   |
| College and Career Readiness                      | 86,156              | 293,765             |
| Teaching Tools                                    | 2,856,288           | 2,913,564           |
| Teacher Support and Recognition                   | 213,942             | 571,979             |
| Other   | 33,178              | 59,544              |
| Total Net Assets Released from Donor Restrictions | <u>\$ 6,221,893</u> | <u>\$ 6,336,516</u> |

**NOTE 8 ENDOWMENT NET ASSETS**

The Foundation's endowment consists of approximately 20 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and fund designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and therefor, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the board of directors appropriates such amounts for expenditure and any other purpose restrictions have been met. The board of directors has interpreted FUPMIFA 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 the 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. Earnings on donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by FUPMIFA.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)**

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and that appreciation of investments;
6. Other resources of the Foundation;
7. The investment policies of the Foundation.

Endowment net asset composition by type of fund was as follows as of June 30:

| June 30, 2021  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| Board-Designated Endowment Funds   | \$ 1,574,972                  | \$ -                       | \$ 1,574,972 |
| Donor-Restricted Endowment Funds:  |                               |                            |              |
| Original Donor-Restricted Gift Amount<br>and Amounts Required to be Maintained<br>in Perpetuity by Donor | -                             | 986,777                    | 986,777      |
| Portion Subject to Appropriation under FUPMIFA   | -                             | 445,529                    | 445,529      |
| Total  | \$ 1,574,972                  | \$ 1,432,306               | \$ 3,007,278 |
|  |                               |                            |              |
| June 30, 2020  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
| Board-Designated Endowment Funds   | \$ 1,234,438                  | \$ -                       | \$ 1,234,438 |
| Donor-Restricted Endowment Funds:  |                               |                            |              |
| Original Donor-Restricted Gift Amount<br>and Amounts Required to be Maintained<br>in Perpetuity by Donor | -                             | 836,677                    | 836,677      |
| Portion Subject to Appropriation under FUPMIFA   | -                             | 208,714                    | 208,714      |
| Total  | \$ 1,234,438                  | \$ 1,045,391               | \$ 2,279,829 |

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)**

Changes in endowment net assets were as follows for the years ended June 30:

| June 30, 2021                            | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| Endowment Net Assets - Beginning of Year | \$ 1,234,438                  | \$ 1,045,391               | \$ 2,279,829        |
| Contributions                            | -                             | 150,100                    | 150,100             |
| Investment Income                        | 340,508                       | 287,794                    | 628,302             |
| Endowment Expenditures                   | -                             | (51,079)                   | (51,079)            |
| Transfers                                | 26                            | 100                        | 126                 |
| Endowment Net Assets - End of Year       | <u>\$ 1,574,972</u>           | <u>\$ 1,432,306</u>        | <u>\$ 3,007,278</u> |

  

| June 30, 2020                            | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| Endowment Net Assets - Beginning of Year | \$ 1,223,579                  | \$ 1,072,679               | \$ 2,296,258        |
| Contributions                            | -                             | -                          | -                   |
| Investment Income                        | 15,008                        | 7,662                      | 22,670              |
| Endowment Expenditures                   | -                             | (34,950)                   | (34,950)            |
| Transfers                                | (4,149)                       | -                          | (4,149)             |
| Endowment Net Assets - End of Year       | <u>\$ 1,234,438</u>           | <u>\$ 1,045,391</u>        | <u>\$ 2,279,829</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift(s) or the amount required to be maintained by the donor, or that FUPMIFA requires the Foundation to retain as a fund for perpetual duration. These deficiencies can result from unfavorable market fluctuations that may occur shortly after the investment of new contributions for donor-restricted endowment funds with continued appropriation for certain programs deemed prudent by the board of directors. There are no deficiencies of this nature as of June 30, 2021.

**Investment and Spending Policy**

The Foundation has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). The terms of the operating policies of the endowment funds (the Fund) requires that the Fund will be managed by the Investment Committee and approved by the board of directors.

The Investment Committee is responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met. The Investment Committee has agreed to a target asset allocation for the portfolio's assets and seeks advice from professional investment managers which hold the assets. The Fund is to invest funds in accordance with the standards set forth in the Foundation's investment policy.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)**

**Investment and Spending Policy (Continued)**

The Foundation's board of directors, on the recommendation of the Investment Committee, has adopted a spending policy that governs the annual distributions from the endowment fund that may be expended for current operations of the Foundation. This policy authorizes the Foundation to distribute from its endowment fund a specified percentage, to be determined by the board of directors from time to time, of the current market value at budget time or fiscal year- end of the endowment fund. The policy also allows the board of directors to base the distribution formula on the average market value over a period of several years as it chooses to do so. The Foundation's board of directors approved policy is to distribute 4% of the three-year average market value of the endowment as of March 31, each year.

Distributions cannot exceed the accumulated unspent earnings of the endowment without the board of directors' approval. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

**NOTE 9 RETIREMENT PLAN**

The Foundation participates in a 403(b) retirement plan that covers all employees. The Foundation's plan includes a matching contribution of 100% of the employee's contribution, up to a maximum of 4%. The matching contribution starts after the employee's first 12 consecutive months of employment, or if part-time, after 1,000 hours of employment, and the vesting schedule is 33% per year for three years. Retirement plan expense was approximately \$17,000 and \$10,000 for the years ended June 30, 2021 and 2020, respectively, and is classified as salaries and benefits in the accompanying statements of functional expenses.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 PPP LOAN FORGIVENESS**

On April 17, 2020, the Foundation received a loan from a financial institution in the amount of \$254,400 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was over twenty-four months and payment deferred for six months. Subsequent to this, the law changed the loan deferral term retroactively. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from 4/17/2020 – 10/2/2020 is the time that the Foundation has to spend their PPP Loan funds. The PPP Loan was forgiven in full by the financial institution on June 7, 2021 and was recorded as PPP Loan Forgiveness in the accompanying statement of activities and changes in net assets as of June 30, 2021.





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Hillsborough Education Foundation, Inc.  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hillsborough Education Foundation, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hillsborough Education Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hillsborough Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hillsborough Education Foundation, Inc.'s internal control.

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

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

Board of Directors  
Hillsborough Education Foundation, Inc.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Tampa, Florida  
November 10, 2021



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT, REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors  
Hillsborough Education Foundation, Inc.  
Tampa, Florida

### **Report on Compliance for Each Major State Project**

We have audited Hillsborough Education Foundation, Inc.'s compliance with the types of compliance requirements described in the Florida Department of Financial Service's *State Projects Compliance Supplement* that could have a direct and material effect on each of Hillsborough Education Foundation, Inc.'s major state projects for the year ended June 30, 2021. Hillsborough Education Foundation, Inc.'s major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Hillsborough Education Foundation, Inc.'s major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General for *Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Hillsborough Education Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of Hillsborough Education Foundation, Inc.'s compliance.

***Opinion on Each Major State Project***

In our opinion, Hillsborough Education Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of Hillsborough Education Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hillsborough Education Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hillsborough Education Foundation, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Tampa, Florida  
November 10, 2021

**HILLSBOROUGH EDUCATION FOUNDATION, INC.  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2021**

| State Grantor/Pass through Grantor/<br>Program or Cluster Title   | State<br>CSFA<br>Number | State<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|---|-------------------------|-----------------------|---------------------------------------|
| <b>State Financial Assistance</b>   |                         |                       |                                       |
| <b>Department of Education and Commissioner of Education</b>  |                         |                       |                                       |
| Passed through from Florida Prepaid College Foundation, Inc.:<br>Prepaid Tuition Scholarships               | 48.051                  | \$ 373,314            | \$ -                                  |
| Passed through from Consortium of Florida Education Foundations:<br>School District Matching Grants Program | 48.061                  | 340,753               | -                                     |
| Passed through from Take Stock in Children, Inc.:<br>Mentoring/Student Assistance Initiatives               | 48.068                  | 200,287               | -                                     |
| Total Department of Education and Commissioner of Education   |                         | 914,354               | -                                     |
| <b>Department of Highway Safety and Motor Vehicles</b>  |                         |                       |                                       |
| Direct Projects:  |                         |                       |                                       |
| Florida Educational License Plate Project   | 76.023                  | 26,955                | -                                     |
| Total Department of Highway Safety and Motor Vehicles   |                         | 26,955                | -                                     |
| Total Expenditures of State Financial Assistance  |                         | \$ 941,309            | \$ -                                  |

**HILLSBOROUGH EDUCATION FOUNDATION, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state projects activity of Hillsborough Education Foundation, Inc. (the Foundation) for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General for *Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650). This schedule presents only a selected portion of the operations of the Foundation; therefore, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Department of Financial Services' State Projects Compliance Supplement, wherein types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 SUBRECIPIENTS**

Hillsborough Education Foundation, Inc. provided no state financial assistance to sub recipients for the year ended June 30, 2021.

**HILLSBOROUGH EDUCATION FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***State Financial Assistance***

1. Internal control over major state projects:
- Material weakness identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for state projects: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with state requirements? \_\_\_\_\_ yes        x   no

***Identification of Major State Projects***

**CSFA Number(s)**

**Name of State Project**

48.061

School District Matching Grants Program

48.051

Prepaid Tuition Scholarships

Dollar threshold used to distinguish between Type A and Type B programs:

\$   300,000  

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

HILLSBOROUGH EDUCATION FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2021

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major State Projects***

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Our audit did not disclose any matters required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.