

The Education Foundation of
Palm Beach County, Inc.

Financial Statements

June 30, 2020 and 2019

Table of Contents

Independent Auditors' Report 1 – 2

Financial Statements:

Statements of Financial Position..... 3

Statements of Activities and Changes in Net Assets..... 4

Statement of Functional Expenses 5 – 6

Statements of Cash Flows 7

Notes to Financial Statements 8 – 14

Independent Auditors' Report

To the Board of Directors
The Education Foundation of Palm Beach County, Inc.
Boynton Beach, Florida

We have audited the accompanying financial statements of The Education Foundation of Palm Beach County, Inc. (the "Organization"), which comprise the statement of financial position at June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Organization at June 30, 2019, were audited by other auditors whose report dated November 21, 2019, expressed an unmodified opinion on those financial statements.

Wangal Bolton LLP

Boca Raton, Florida
March 1, 2021

The Education Foundation of Palm Beach County, Inc.
 Statements of Financial Position
 June 30, 2020 and 2019

<u>Assets</u>		
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 2,420,531	\$ 1,708,379
Contributions and grants receivable, net	72,029	151,508
Supplies inventory	474,785	441,447
Total current assets	<u>2,967,345</u>	<u>2,301,334</u>
Long-term assets:		
Investments	315,874	319,448
Other assets	94,269	500
Property and equipment, net	1,881	11,782
Total long-term assets	<u>412,024</u>	<u>331,730</u>
Total assets	<u>\$ 3,379,369</u>	<u>\$ 2,633,064</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	\$ 70,371	\$ 7,297
Accrued expenses and other liabilities	22,948	24,698
Pass-through funds payable	1,105,633	946,852
Notes payable, current	34,945	-
Total current liabilities	<u>1,233,897</u>	<u>978,847</u>
Long-term liabilities:		
Notes payable, non-current	<u>54,914</u>	<u>-</u>
Total liabilities	<u>1,288,811</u>	<u>978,847</u>
Net assets:		
Without donor restriction	1,071,648	920,215
With donor restriction	1,018,910	734,002
Total net assets	<u>2,090,558</u>	<u>1,654,217</u>
Total liabilities and net assets	<u>\$ 3,379,369</u>	<u>\$ 2,633,064</u>

See accompanying notes to financial statements.

The Education Foundation of Palm Beach County, Inc.
 Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2020 and 2019

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue:						
Contributions and grants	\$ 711,373	\$ 1,657,576	\$ 2,368,949	\$ 1,266,698	\$ 274,351	\$ 1,541,049
In-kind contributions and contributed services	22,680	668,516	691,196	95,066	577,568	672,634
Other income	30,434	24,206	54,640	7,388	-	7,388
Net assets released from restriction	2,065,390	(2,065,390)	-	763,027	(763,027)	-
Total support and revenue	<u>2,829,877</u>	<u>284,908</u>	<u>3,114,785</u>	<u>2,132,179</u>	<u>88,892</u>	<u>2,221,071</u>
Expenses:						
Program services:						
Career education	276,343	-	276,343	421,852	-	421,852
Go Teach	98,279	-	98,279	82,878	-	82,878
Academic improvement / AVID	85,525	-	85,525	75,700	-	75,700
Red apple supplies	1,018,497	-	1,018,497	790,682	-	790,682
Other programs	598,153	-	598,153	43,045	-	43,045
Total program services	<u>2,076,797</u>	<u>-</u>	<u>2,076,797</u>	<u>1,414,157</u>	<u>-</u>	<u>1,414,157</u>
Management and general	451,767	-	451,767	343,002	-	343,002
Development	149,880	-	149,880	284,541	-	284,541
Total expenses	<u>2,678,444</u>	<u>-</u>	<u>2,678,444</u>	<u>2,041,700</u>	<u>-</u>	<u>2,041,700</u>
Change in net assets	151,433	284,908	436,341	90,479	88,892	179,371
Net assets at beginning of year	<u>920,215</u>	<u>734,002</u>	<u>1,654,217</u>	<u>829,736</u>	<u>645,110</u>	<u>1,474,846</u>
Net asset at end of year	<u>\$ 1,071,648</u>	<u>\$ 1,018,910</u>	<u>\$ 2,090,558</u>	<u>\$ 920,215</u>	<u>\$ 734,002</u>	<u>\$ 1,654,217</u>

See accompanying notes to financial statements.

The Education Foundation of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services					Support Services			
	Career Education	Go Teach	Academic Improvement	Red Apple Store	Other Programs	Total	Management and General	Development	Total
School supplies	\$ -	\$ -	\$ -	\$ 623,178	\$ 1,709	\$ 624,887	\$ -	\$ -	\$ 624,887
Payroll wages	5,246	-	14,490	172,850	-	192,586	329,774	71,757	594,117
Contract labor	10,200	495	1,539	-	515,292	527,526	-	-	527,526
Programs supplies	-	-	16,070	177,000	-	193,070	705	-	193,775
Program equipment	178,130	-	-	6,455	-	184,585	-	-	184,585
Grants and awards	-	91,093	-	-	-	91,093	-	16,337	107,430
Classroom materials	15,997	-	6,988	-	70,940	93,925	-	-	93,925
Conferences and training	16,966	-	41,438	-	-	58,404	6,564	3,158	68,126
Program management	42,804	4,191	5,000	2,882	10,212	65,089	2,356	-	67,445
Professional fees	7,000	-	-	-	-	7,000	33,115	5,542	45,657
Printing, postage and supplies	-	2,500	-	13,686	-	16,186	20,502	3,661	40,349
Marketing	-	-	-	1,591	-	1,591	524	34,058	36,173
Other expenses	-	-	-	2,551	-	2,551	24,540	-	27,091
Occupancy costs	-	-	-	5,299	-	5,299	12,000	-	17,299
Membership dues	-	-	-	-	-	-	7,219	7,187	14,406
Bad debt expense	-	-	-	-	-	-	10,000	-	10,000
Depreciation expense	-	-	-	9,901	-	9,901	-	-	9,901
Insurance	-	-	-	3,104	-	3,104	4,468	731	8,303
Banquets	-	-	-	-	-	-	-	7,449	7,449
	<u>\$ 276,343</u>	<u>\$ 98,279</u>	<u>\$ 85,525</u>	<u>\$ 1,018,497</u>	<u>\$ 598,153</u>	<u>\$ 2,076,797</u>	<u>\$ 451,767</u>	<u>\$ 149,880</u>	<u>\$ 2,678,444</u>

See accompanying notes to financial statements.

The Education Foundation of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services					Support Services		Total	
	Career Education	Go Teach	Academic Improvement	Red Apple Store	Other Programs	Total	Management and General		Development
School supplies	\$ -	\$ -	\$ -	\$ 610,834	\$ -	\$ 610,834	\$ -	\$ -	\$ 610,834
Payroll wages	61,600	-	-	133,736	-	195,336	241,106	65,279	501,721
Program equipment	245,261	-	-	-	-	245,261	-	-	245,261
Marketing	-	-	-	-	-	-	-	110,250	110,250
Programs supplies	13,470	-	25,788	5,202	-	44,460	9,301	50,607	104,368
Classroom materials	36,497	-	23,898	-	26,739	87,134	9,852	-	96,986
Grants and awards	-	62,301	-	-	-	62,301	-	11,766	74,067
Professional fees	-	1,220	35	-	35	1,290	32,813	21,678	55,781
Conferences and training	17,274	-	25,752	2,097	6,296	51,419	-	-	51,419
Program management	18,587	15,000	-	15,613	-	49,200	-	-	49,200
Contract labor	25,356	370	-	-	9,975	35,701	-	-	35,701
Other expenses	3,807	429	-	5,269	-	9,505	22,352	6,359	38,216
Membership dues	-	-	-	-	-	-	7,015	8,979	15,994
Printing, postage and supplies	-	3,558	227	-	-	3,785	3,125	8,992	15,902
Banquets	-	-	-	14,079	-	14,079	-	-	14,079
Occupancy costs	-	-	-	-	-	-	12,000	-	12,000
Insurance	-	-	-	3,852	-	3,852	5,438	631	9,921
	<u>\$ 421,852</u>	<u>\$ 82,878</u>	<u>\$ 75,700</u>	<u>\$ 790,682</u>	<u>\$ 43,045</u>	<u>\$ 1,414,157</u>	<u>\$ 343,002</u>	<u>\$ 284,541</u>	<u>\$ 2,041,700</u>

See accompanying notes to financial statements.

The Education Foundation of Palm Beach County, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 436,341	\$ 179,371
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,901	9,901
Bad debt	10,000	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	69,479	(61,636)
Supplies inventory	(33,338)	(37,800)
Other assets	(90,195)	(64,766)
Accounts payable and accrued expenses	61,324	(152,260)
Pass-through funds payable	158,781	(1,777)
Net cash provided by (used in) operating activities	<u>622,293</u>	<u>(128,967)</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Borrowings on note payable	89,859	-
Net cash provided by financing activities	<u>89,859</u>	<u>-</u>
Increase (decrease) in cash	712,152	(128,967)
Cash, beginning of year	<u>1,708,379</u>	<u>1,837,346</u>
Cash, end of year	<u>\$ 2,420,531</u>	<u>\$ 1,708,379</u>

See accompanying notes to financial statements.

Note 1 – Nature of Foundation

The Education Foundation of Palm Beach County, Inc. (the “Foundation”) is a nonprofit corporation established in 1984 by Palm Beach County business leaders to serve as the philanthropic support Foundation for K-12 public education. The Foundation partners closely with the School District of Palm Beach County and the greater business and charitable community to fund programs that close achievement gaps in learning and create positive, measurable change for students. Through a unique matching grant program, the Foundation works with corporate and private investors to fund innovative projects and curriculum that improve literacy and grade-level performance, increase graduation rates, support STEM and career academies, target support to low-performing students and schools, and provide disadvantaged students with free school supplies throughout the year. The Foundation fosters excellence in teaching and leadership by funding direct classroom grants, recognizing educators who excel, and providing quality professional development.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Foundation's financial statements are prepared on the accrual basis of accounting in accordance with the provisions of Financial Accounting Standards Board in its Accounting Standards Update (“FASB ASU”) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on 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.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Note 2 – Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, general and administrative and fundraising based on management’s analysis of these costs.

Contributions and Program Revenue

Contributions received are recorded as revenue without donor restricted net assets or with donor restricted net assets depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-kind Contributions

Contributed services and materials are reflected in the financial statements at their estimated fair value at the date of receipt. Contributed services are recognized as contributions if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Contributed services from individual volunteers performing a variety of tasks that do not require specialized skills to assist the Foundation in carrying out its mission are not recognized in the financial statements.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, for general operating purposes, with a maturity date of three months or less at date of purchase to be cash equivalents. At times during the year, the Foundation maintains balances with financial institutions which may exceed the federally insured limit of \$250,000. At June 30, 2020 and 2019, the Foundation’s uninsured cash balances were approximately \$1,776,000 and \$544,000, respectively. The Foundation has not experienced any losses on such accounts and does not feel it is exposed to any significant risk with respect to cash and cash equivalents.

Contributions and Grants Receivable

Receivables are stated at the amount of the uncollected balance less an allowance for doubtful accounts, if considered necessary. Management periodically evaluates the adequacy of the allowance based on past experience and adverse situations that may affect the donor or grantor’s ability to pay. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized as revenue when received. There was no allowance for doubtful accounts at June 30, 2020 and 2019, respectively.

Note 2 – Summary of Significant Accounting Policies, continued

Inventory

Inventory consists of school supplies held for distribution at the Red Apple Supply Store. Donated items are valued at their estimated fair value. Purchased items are recorded at the lower of cost or net realizable value.

Investments

Investments are stated at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements*. The investments held at June 30, 2020 and 2019 consisted of money market balances and mutual funds. The Foundation’s investments are being held for the benefit of certain pass-through contributors. As such, all investments earnings as well as portfolio gains and losses are recorded as increases to the related pass-through payable.

Property and Equipment

Property and equipment is capitalized at cost, if purchased, or, if acquired by contribution, at the estimated fair value on the date of contribution. The Foundation provides for depreciation on property and equipment over the useful lives of three (3) to five (5) years on the related depreciable assets using the straight-line method.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Accordingly, no provision for income taxes has been recorded in the financial statements. The Foundation is required to operate in conformity with the provisions of the IRC to maintain its exempt status. The Foundation’s tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Fair Value of Financial Instruments

FASB ASC 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. The Foundation estimates that the fair value of all financial instruments at June 30, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange.

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Foundation does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

Note 2 – Summary of Significant Accounting Policies, continued

Date of Management's Review

Management evaluated the Foundation's activity through March 1, 2021, the date on which the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.

Note 3 – Liquidity and Availability of Resources

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, 2020:

Financial assets:	
Cash	\$ 2,420,531
Contributions and grants receivable, net	72,029
Investments	315,874
Total financial assets	<u>2,808,434</u>
Financial assets not available for general expenditure:	
Restricted by donors with purpose restrictions	743,005
Pass-through funds payable	1,105,633
Total financial assets not available for general expenditure	<u>1,848,638</u>
Total financial assets available for general expenditure	<u>\$ 959,796</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Machinery and equipment	\$ 39,480	\$ 39,480
Less: accumulated depreciation	(37,599)	(27,698)
Property and equipment, net	<u>\$ 1,881</u>	<u>\$ 11,782</u>

Depreciation expense amounted to \$9,901 for the years ended June 30, 2020 and 2019, respectively.

Note 5 – Notes Payable

During April 2020, the Foundation was granted a loan (the “Loan”) from a financial institution for the aggregate amount of \$89,859 pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act. The Loan, which was in the form of a note dated April 30, 2020 issued to the Foundation, matures in April 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing November 2020. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. The Foundation intends to use the Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The future maturities of long-term obligations for years subsequent to June 30, 2020 are as follows:

<u>Years Ending June 30,</u>	
2021	\$ 34,945
2022	54,914
	<u>\$ 89,859</u>

Note 6 – Commitments and Contingencies

Significant Concentrations

The Foundation operates exclusively in Palm Beach County, Florida, and is subject, to some extent, to economic conditions and fluctuations in that geographic area.

Operating Lease Agreement

The Foundation leases space for the Red Apple Supply Store and warehouse pursuant to a lease agreement with the School Board of Palm Beach County that expires on June 30, 2023. The annual rental for the property is \$1. The agreement requires that other operating and maintenance costs of running the facility be paid by the Foundation. The lease is accounted for as an exchange transaction due to the nature of the Foundation’s standby commitments.

COVID-19 Pandemic

In March 2020, the World Health Foundation (the “WHO”) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 7 – Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Red Apple Supply store	\$ 621,881	\$ 574,989
Other programs	256,154	54,031
Career education	140,875	104,982
Total purpose restrictions	<u>\$ 1,018,910</u>	<u>\$ 734,002</u>

Note 8 – Net Assets Released from Donor Restriction

Net assets released from donor restriction consist of the following at June 30, 2020:

Purpose restrictions:	
Red Apple Supply store	\$ 1,007,090
Other programs	960,021
Career education	98,279
Total purpose restrictions	<u>\$ 2,065,390</u>

Note 9 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Foundation's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.

Note 9 – Fair Value Measurements, continued

- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Foundation uses to measure its assets at fair value.

- Money market funds and mutual funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.

Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below:

Description	At June 30, 2020			
	Assets	Fair Value Hierarchy Level		
	Measured at Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 31,955	\$ 31,955	\$ -	\$ -
Mutual funds	283,919	283,919	-	-
Total investments	<u>\$ 315,874</u>	<u>\$ 315,874</u>	<u>\$ -</u>	<u>\$ -</u>

Note 10 – Pass-Through Contributions

The Foundation administers certain contributions in the capacity as intermediary. The majority of these funds come from other non-profit organizations, in particular the School District of Palm Beach County. The Foundation considers the use of such funds to be consistent with the mission. However, since the Foundation does not have discretion as to the ultimate recipient of these funds, they are considered “pass-throughs” and as such, have not been recognized as revenue in accompanying financial statements.