

**The Education Foundation of
Palm Beach County, Inc.**

**Financial Statements
and Independent Auditor's Report**

June 30, 2023

The Education Foundation of Palm Beach County, Inc.

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of The Education Foundation of Palm Beach County, Inc. (the "Foundation"), which comprises the statement of financial position as of June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

CohnReznick LLP

Boca Raton, Florida
June 27, 2024

**The Education Foundation of Palm Beach County, Inc.
Statement of Financial Position**

June 30, 2023

Assets

Current assets	
Cash and cash equivalents	\$ 5,111,682
Cash, restricted	1,409,619
Supplies inventory	<u>523,562</u>
Total current assets	<u>7,044,863</u>
Long-term assets	
Investments	1,079,995
Contract assets	491,897
Other assets	176,444
Property and equipment, net	<u>31,596</u>
Total long-term assets	<u>1,779,932</u>
Total assets	<u><u>\$ 8,824,795</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 14,977
Accrued expenses and other liabilities	98,101
Pass-through funds payable	<u>1,249,381</u>
Total current liabilities	<u>1,362,459</u>
Total liabilities	<u>1,362,459</u>
Net assets	
Without donor restriction	2,443,316
With donor restriction	<u>5,019,020</u>
Total net assets	<u>7,462,336</u>
Total liabilities and net assets	<u><u>\$ 8,824,795</u></u>

See accompanying notes to financial statements.

**The Education Foundation of Palm Beach County, Inc.
Statement of Activities and Changes in Net Assets**

For the Year Ended June 30, 2023

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Support and revenue			
Contributions and grants	\$ 1,020,269	\$ 5,362,761	\$ 6,383,030
In-kind contributions and contributed services	809,691	-	809,691
Program income (loss), net	(411,180)	-	(411,180)
Other income	38,909	80,562	119,471
Net assets released from restriction	<u>1,253,819</u>	<u>(1,253,819)</u>	<u>-</u>
Total support and revenue	<u>2,711,508</u>	<u>4,189,504</u>	<u>6,901,012</u>
Expenses			
Program services			
Career Education	443,387	-	443,387
Go Teach	135,528	-	135,528
Academic Improvement / AVID	113,557	-	113,557
Red Apple Store	316,501	-	316,501
Other programs	<u>430,129</u>	<u>-</u>	<u>430,129</u>
Total program services	1,439,102	-	1,439,102
Management and general Development	650,193	-	650,193
	<u>608,070</u>	<u>-</u>	<u>608,070</u>
Total expenses	<u>2,697,365</u>	<u>-</u>	<u>2,697,365</u>
Changes in net assets	14,143	4,189,504	4,203,647
Net assets at beginning of year	<u>2,429,173</u>	<u>829,516</u>	<u>3,258,689</u>
Net asset at end of year	<u><u>\$ 2,443,316</u></u>	<u><u>\$ 5,019,020</u></u>	<u><u>\$ 7,462,336</u></u>

See accompanying notes to financial statements.

**The Education Foundation of Palm Beach County, Inc.
Statement of Functional Expense**

For the Year Ended June 30, 2023

	Program services					Support services			
	Career education	Go teach	Academic improvement	Red apple store	Other programs	Total	Management and general	Development	Total
Payroll wages	\$ -	\$ -	\$ 54,933	\$ 184,551	\$ 238,311	\$ 477,795	\$ 160,283	\$ 202,663	\$ 840,741
Contract labor	197,464	-	15,480	-	-	212,944	-	-	212,944
School supplies	168,520	11,883	20,482	-	-	200,885	-	1,414	202,299
Program management	61,882	123,645	3,245	2,856	-	191,628	-	-	191,628
Grants and awards	-	-	-	89,731	30,000	119,731	12,000	24,404	156,135
Professional fees	-	-	-	-	175	175	45,638	26,722	72,535
Programs supplies	-	-	19,417	9,862	146,602	175,881	-	218,316	394,197
Banquets	-	-	-	-	-	-	-	92,661	92,661
Conferences and training	15,521	-	-	4,215	12,588	32,324	5,409	21,406	59,139
Program equipment	-	-	-	2,131	-	2,131	-	-	2,131
Other expenses	-	-	-	-	766	766	32,602	-	33,368
Insurance	-	-	-	7,266	-	7,266	10,113	102	17,481
Membership dues	-	-	-	-	-	-	3,475	7,509	10,984
Printing, postage and supplies	-	-	-	2,900	1	2,901	1,675	12,813	17,389
Depreciation expense	-	-	-	11,489	-	11,489	-	-	11,489
Occupancy costs	-	-	-	-	690	690	378,998	-	379,688
Marketing	-	-	-	1,500	996	2,496	-	60	2,556
	<u>\$ 443,387</u>	<u>\$ 135,528</u>	<u>\$ 113,557</u>	<u>\$ 316,501</u>	<u>\$ 430,129</u>	<u>\$ 1,439,102</u>	<u>\$ 650,193</u>	<u>\$ 608,070</u>	<u>\$ 2,697,365</u>

See accompanying notes to financial statements.

**The Education Foundation of Palm Beach County, Inc.
Statement of Cash Flows**

For the Year Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 4,203,647
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	11,489
Unrealized and realized (gain)	(41,405)
Changes in operating assets and liabilities	
Supplies inventory	78,635
Contract assets	-
Other assets	(133,453)
Accounts payable and accrued expenses	(28,928)
Pass-through funds payable	66,289
	<hr/>
Net cash provided by operating activities	4,156,274
	<hr/>
Cash flows from investing activities	
Purchases of contract assets	(426,804)
Purchases of investments	(3,779,151)
Proceeds from sale of investments	3,067,640
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Net cash used in investing activities	(1,138,315)
	<hr/>
Increase in cash, cash equivalents, and restricted cash	3,017,959
Cash, cash equivalents, and restricted cash, beginning of year	3,503,342
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Cash, cash equivalents, and restricted cash, end of year	\$ 6,521,301
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See accompanying notes to financial statements.

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

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

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.

Cash and cash equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amounts of cash and cash equivalents approximate fair value because of the terms and relatively short maturity of these financial instruments.

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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and equipment

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

Net assets

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. These net assets are available for the operation of the Foundation and include both internally board designated and undesignated resources.
- *Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation reports contributions restricted by donors 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 statements of activities as net assets released from restrictions.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement 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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Revenue recognition

The Foundation receives contributions from private foundations. Contributions are classified as either conditional or unconditional. Revenue is recognized on a conditional contribution once a barrier or hurdle to be entitled to the resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Foundation fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional grants, contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

until collected and are reported as net assets with donor restriction. Contributions are recorded at fair value, which is net of estimated uncollectible amounts.

Program income (loss) is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing school supplies and other goods. Revenue is recognized as performance obligations are satisfied.

Contributed nonfinancial assets

Contributed nonfinancial assets include donated school supplies, and other in-kind contributions which are recorded at the respective fair values of the goods received. The Foundation received approximately \$809,691 in donated school supplies during the year ended June 30, 2023. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

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 years from the date of filing.

Management has analyzed the tax positions taken by the Foundation and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Contract assets

During late 2022, the Foundation began construction of a sports and education complex on land leased by the school district for \$1 per year for 75 years with a 25-year renewal. The Foundation accounts for this transaction under authoritative guidance issued by the FASB (*Topic 853*) which accounts for the transaction as a service concession arrangement. As such, the Foundation records construction costs as a contract asset as part of that arrangement. Contract assets as of July 1, 2022, were \$65,093.

Valuation of long-lived assets

The Foundation accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the year ended June 30, 2023.

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

Concentrations of credit risk

The Foundation's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Foundation has not experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at June 30, 2023 totaled approximately \$4,773,717. The Foundation invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. The Foundation performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. Investments are subject to market fluctuations that may materially affect the investment balances.

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, 2023:

Financial assets	
Cash and cash equivalents	\$ 5,111,682
Investments	<u>726,953</u>
Total financial assets available for general expenditure	<u><u>\$ 5,838,635</u></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:

Machinery and equipment	\$ 96,926
Less: accumulated depreciation	<u>(65,330)</u>
Property and equipment, net	<u><u>\$ 31,596</u></u>

Depreciation expense amounted to \$11,489 for the year ended June 30, 2023.

Note 5 - 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.

Service concession arrangement

The Foundation leases space for a warehouse and a ground lease where it is constructing an education and training complex all for \$1 in rent annually. The leases are accounted for under *Topic 853* as a service concession arrangement where the Foundation provides services to the employees of the school district in exchange for the right to rent these properties below fair market value and \$350,000 in cash annually.

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

As part of this arrangement the Foundation holds an office lease with the School District of Palm Beach County that was renewed through June 30, 2026. The agreement requires that other operating and maintenance costs of running the facility be paid by the Foundation.

As part of this arrangement, during March of 2022, the Foundation entered the ground lease with the School District. The lease term is 75 years with a 25-year renewal option.

Note 6 - Net assets with donor restrictions

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

Purpose restrictions	
Red Apple Supply store	\$ 937,442
Capital Campaign	3,719,531
Career education	326,995
Maintained in perpetuity	
Community Foundation Endowment	<u>35,052</u>
Total purpose restrictions	<u>\$ 5,019,020</u>

Note 7 - Net assets released from donor restriction

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

Purpose restrictions	
Other programs	\$ 475,439
Red Apple Supply store	327,512
Career education	445,888
Capital Campaign	<u>4,980</u>
Total purpose restrictions	<u>\$ 1,253,819</u>

Note 8 - Fair value measurements

Certain assets are reported 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. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

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. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Foundation invests in treasury bonds traded in the financial markets. Those U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in charitable and perpetual trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered Level 3 measurements.

Fair Value on a recurring basis

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

Description	At June 30, 2023			
	Total	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Operating investments				
U.S. Government Obligations	\$ 769,638	\$ -	\$ 769,638	
Mutual funds	275,305	275,305	-	-
	<u>\$ 1,044,943</u>	<u>\$ 275,305</u>	<u>\$ 769,638</u>	<u>\$ -</u>
Beneficial interests in				
Assets held by community foundation	\$ 35,052	\$ -	\$ -	\$ 35,052
	<u>\$ 1,079,995</u>	<u>\$ 275,305</u>	<u>\$ 769,638</u>	<u>\$ 35,052</u>

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

Note 9 - Beneficial interest in assets held by Community Foundation

During 2017, the Foundation established a charitable endowment fund known as The Education Foundation of Palm Beach County, Inc. (the "Fund") with the Community Foundation for Palm Beach and Martin Counties, Inc. (the "Community Foundation"). The earnings of the Fund have been restricted for the benefit of the Foundation. Assets contributed to the Community Foundation for the benefit of the Foundation are recorded as assets of the Foundation. These "Foundation restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

The Foundation's initial contribution of \$25,000 was matched with a \$25,000 grant from the Community Foundation and is not available for distribution and may not be removed from the Fund.

Beneficial interest in assets held by the Community Foundation by type consists of the following at June 30, 2023:

Education Foundation of Palm Beach County, Inc. Endowment Fund as of July 1, 2022	\$ 33,613
Changes in endowment nets assets	
Net appreciation (realized and unrealized)	1,779
Investment fees	<u>(339)</u>
	<u>\$ 35,052</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature do not exist as the Fund has an original contribution value of \$25,000, a current fair value of \$35,052 and a cumulative appreciation of \$10,052 at June 30, 2023. This appreciation results from favorable market fluctuations that occurred after the original contribution was made.

Return objectives and risk parameters

The Funds shall be invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five (5) years or longer.

Interpretation of relevant law

Management has interpreted the law as requiring donor-restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Foundation following the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The purposes of the Foundation and the donor-restricted endowment fund;
2. General economic conditions;
3. The possible effect of inflation and deflation;
4. The expected total return from income and the appreciation of investments;

The Education Foundation of Palm Beach County, Inc.
Notes to Financial Statements

For the Year Ended June 30, 2023

5. Other resources of the Foundation; and
6. The investment policies of the Foundation.

Spending policy

All distributions from the Fund shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Fund by the Foundation and Community Foundation plus all subsequent contributions to the Fund.

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.

Note 11 - Subsequent events

Events that occur after the date of the statement of financial position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Foundation through June 27, 2024 and concluded that, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



Independent Member of Nexia International

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