

**COLLEGE FOR KIDS, INC.**  
**D/B/A**  
**TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

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Financial Statements

June 30, 2023 and 2022

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

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*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County  
West Palm Beach, Florida

**Opinion**

We have audited the accompanying financial statements of College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, cash flows and functional expenses for the years 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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County as of June 30, 2023 and 2022, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County 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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County'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 auditor's 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.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

Misstatements, including omissions, 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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County'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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County'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.

**ROBBINS and MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
October 9, 2023

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statements of Financial Position  
June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,034,644	\$ 2,029,117
Investments	616,809	312,779
Pledges Receivable	100,000	
Grants Receivable	213,612	140,762
Prepaid Expenses	22,425	22,505
Use of Facility	23,735	23,579
<b>Total Current Assets</b>	<b>3,011,225</b>	<b>2,528,742</b>
<b>Non-Current Assets</b>		
Investments - Endowment	371,249	
Pledges Receivable	336,086	
Prepaid Tuition	4,809,429	4,504,406
Deposits	2,500	2,500
Property and Equipment	5,978	6,945
Right of Use Lease Asset - Operating	106,048	
Use of Facility	49,955	73,690
Beneficial Interest in Assets Held by Community Foundation	26,173	26,102
<b>Total Non-Current Assets</b>	<b>5,707,418</b>	<b>4,613,643</b>
<b>Total Assets</b>	<b>\$ 8,718,643</b>	<b>\$ 7,142,385</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 29,438	\$ 20,317
Tuition Payable	3,151	3,151
Lease Liability - Operating	33,108	
<b>Total Current Liabilities</b>	<b>65,697</b>	<b>23,468</b>
<b>Non-Current Liabilities</b>		
Lease Liability - Operating	72,940	
<b>Total Liabilities</b>	<b>138,637</b>	<b>23,468</b>
<b>Net Assets</b>		
<b>Without Donor Restrictions</b>		
Board Designated	371,249	
Other	6,926,443	6,418,447
<b>Total Net Assets Without Donor Restrictions</b>	<b>7,297,692</b>	<b>6,418,447</b>
<b>With Donor Restrictions</b>		
Use of Facility	73,690	97,269
Donor Restricted	1,208,624	603,201
<b>Total Net Assets With Donor Restrictions</b>	<b>1,282,314</b>	<b>700,470</b>
<b>Total Net Assets</b>	<b>8,580,006</b>	<b>7,118,917</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,718,643</b>	<b>\$ 7,142,385</b>

The accompanying notes are an integral part of these financial statements.

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statements of Activities  
For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Net Assets Without Donor Restrictions</b>		
<b>Public Support and Revenues</b>		
Grants and Contributions	\$ 1,185,472	\$ 921,316
Fundraising Events Income	585,818	650,510
Less: Costs of Direct Benefits to Donors	(177,734)	(117,496)
Investment Income	78,497	(43,944)
Miscellaneous	3,695	6,369
Contributed Services and Facility	307,730	287,481
Net Assets Released from Restrictions - Donor Restrictions	788,651	541,166
Net Assets Released from Restrictions - Use of Facility	24,150	
<b>Total Public Support and Revenues</b>	<b>2,796,279</b>	<b>2,245,402</b>
<b>Expenses</b>		
Program Services	1,451,851	1,341,807
General and Administrative	249,351	204,076
Fundraising	215,832	232,112
<b>Total Expenses</b>	<b>1,917,034</b>	<b>1,777,995</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>879,245</b>	<b>467,407</b>
<b>Net Assets With Donor Restrictions</b>		
Contributions	1,394,645	659,969
Net Assets Released from Restrictions - Donor Restrictions	(788,651)	(541,166)
Net Assets Released from Restrictions - Use of Facility	(24,150)	
<b>Change in Net Assets With Donor Restrictions</b>	<b>581,844</b>	<b>118,803</b>
<b>Change in Net Assets</b>	<b>1,461,089</b>	<b>586,210</b>
<b>Net Assets, Beginning of Year</b>	<b>7,118,917</b>	<b>6,435,438</b>
Prior Period Adjustment		97,269
<b>Net Assets, End of Year</b>	<b>\$ 8,580,006</b>	<b>\$ 7,118,917</b>

The accompanying notes are an integral part of these financial statements.

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 1,461,089	\$ 586,210
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	967	1,230
Reduction in Right of Use Leased Asset - Operating	31,938	
Decrease in Facility Use	23,579	
Change in Present Value Discount for Pledges	23,914	
Change in Fair Value of Investments	(48,277)	49,878
Change in Beneficial Interest in Assets Held by Community Foundation	(71)	2,799
Change in Present Value Discount for Prepaid Tuition	(164,357)	118,926
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	(72,850)	38,197
Increase in Pledges Receivable	(460,000)	
Decrease (Increase) in Prepaid Expenses	80	(11,289)
Increase in Prepaid Tuition	(140,666)	(344,905)
Increase in Accounts Payable	9,121	416
Decrease in Lease Liability - Operating	(31,938)	
Decrease in Refundable Advance		(30,916)
	<b>632,529</b>	<b>410,546</b>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of investments	7,503	14,916
Purchase of Investments	(634,505)	(22,586)
	<b>(627,002)</b>	<b>(7,670)</b>
<b>Net Cash Flows from Investing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	5,527	402,876
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,029,117	1,626,241
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,034,644	\$ 2,029,117
<b>Supplementary Disclosure of Cash Flow Information:</b>		
<b>Cash Paid for Amounts Included in the Measurement     of Lease Liabilities:</b>		
Operating Cash Out-Flows from Operating Lease	\$ 32,752	\$
<b>Other Non-Cash Investing and Financing Activities:</b>		
Right of Use Asset After ASC 842 Implementation	\$ 137,986	\$

The accompanying notes are an integral part of these financial statements.

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statements of Functional Expenses  
For the Years Ended June 30, 2023 and 2022

<u>2023</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Benefits	\$ 599,182	\$ 175,807	\$ 147,397	\$ 922,386
Scholarships	372,339			372,339
Mentor Management	285,482			285,482
Student Advocacy	71,006			71,006
Occupancy	48,692	12,984	3,246	64,922
Fundraising Events			54,880	54,880
Office	8,816	14,555	716	24,087
Travel	16,393	3,525	2,580	22,498
Telephone and Communication	14,285	3,302	2,768	20,355
Student Supplies	17,000			17,000
Professional Fees		14,425		14,425
Insurance	9,189	4,202	235	13,626
Dues and Subscriptions	1,410	9,141	911	11,462
Outreach and Promotion		6,939	2,467	9,406
Postage and Printing	6,295	1,156	373	7,824
Licenses and Fees		2,547	50	2,597
Contractors and Consultants	1,037	574	161	1,772
Depreciation	725	194	48	967
	<u>\$ 1,451,851</u>	<u>\$ 249,351</u>	<u>\$ 215,832</u>	<u>\$ 1,917,034</u>

<u>2022</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Benefits	\$ 522,621	\$ 143,237	\$ 140,656	\$ 806,514
Scholarships	429,857			429,857
Mentor Management	212,020			212,020
Fundraising Events			81,040	81,040
Occupancy	58,655	15,641	3,910	78,206
Student Advocacy	42,245			42,245
Telephone and Communication	15,831	3,380	3,319	22,530
Office	5,720	11,720	477	17,917
Student Supplies	16,656			16,656
Professional Fees		14,118		14,118
Travel	10,460	2,068	1,252	13,780
Insurance	8,290	3,869	220	12,379
Contractors and Consultants	10,999	551	166	11,716
Postage and Printing	6,823	1,222	380	8,425
Dues and Subscriptions	644	3,809	510	4,963
Licenses and Fees		2,524	58	2,582
Outreach and Promotion	63	1,691	63	1,817
Depreciation	923	246	61	1,230
	<u>\$ 1,341,807</u>	<u>\$ 204,076</u>	<u>\$ 232,112</u>	<u>\$ 1,777,995</u>

The accompanying notes are an integral part of these financial statements.



1. **NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** College for Kids, Inc., d/b/a Take Stock in Children of Palm Beach ("TSIC") is a Florida non-profit corporation organized to mentor and invest in under-resourced students to develop perseverance, accept personal accountability, and succeed academically so they can achieve their dreams.

**Basis of Accounting:** TSIC's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Date of Management's Review:** In preparing the financial statements, TSIC has evaluated events and transactions for the potential recognition or disclosure through October 9, 2023, the date that the financial statements were available to be issued.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, TSIC considers demand deposit bank accounts with an original maturity of three months or less to be cash equivalents.

**Grants and Pledges Receivable:** Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable. At June 30, 2023 and 2022, there was no valuation allowance for uncollectible amounts because management considered all grants receivable to be fully collectible. Changes in the valuation allowance have not been material to the financial statements.

**Investments:** Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Property and Equipment:** TSIC records property and equipment additions of \$1,000 or more at cost. Depreciation is computed on the straight-line basis over the expected useful lives of the assets. Maintenance expenses are charged to expense as incurred.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes:** As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, TSIC is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has not incurred any interest or penalties on its income tax returns.

The Organization's returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

1. **NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair Value of Financial Instruments:** Cash equivalents, prepaid expenses, accounts payable and accrued expenses, and tuition payable are reflected in the financial statements at cost, which approximates fair value because of their short-term nature.

**Contributed Services and Facility:** Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Contributed facility is also recorded at their fair value in the period received.

**Prepaid Tuition:** TSIC participates in the Florida Prepaid College Foundation (the "Foundation") "STARS" Scholarship Project (Stanley Tate Project "Scholarship Tuition for At-Risk Students") whereby TSIC purchases scholarship plans and pays 50% of the scholarship plan contract price. The Foundation provides the remaining 50% of the contract price as a match. The scholarship plans are assigned by TSIC to eligible students, defined as designated beneficiaries, who meet the standards specified in TSIC's scholarship program. These scholarships are assets of TSIC until such time that designated beneficiaries have exhausted tuition credit hours or expire. TSIC maintains an accounting for tuition credit hours and recognizes the tuition expense based on credit hours used by the designated beneficiaries. The amounts recognized by TSIC as assets and expenses are based on its 50% share of the scholarship plan contract price as adjusted to reflect the fair value of the unused tuition credits determined by the Foundation at June 30, 2023 and 2022. In the event of cancellation or termination of scholarship plans, TSIC is entitled to a credit from the Foundation based on TSIC's share of the value of the unused tuition credit hours available.

**Scholarship Expense:** Scholarship expense is based upon TSIC scholarships credit hours used by the designated beneficiaries net of the change in fair value of the unused tuition credits.

Scholarship expense for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 536,696	\$ 310,931
Change in Fair Value of Florida Prepaid Tuition Credits	(164,357)	118,926
	<u>\$ 372,339</u>	<u>\$ 429,857</u>

**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.

*Net Assets With Donor Restrictions* – Net assets subject to donor-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.

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**  
Notes to Financial Statements  
June 30, 2023 and 2022

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

We report 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. 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.

**Reclassifications:** Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with presentation in the 2023 financial statements.

**Recent Accounting Pronouncements:** Effective July 1, 2022, TSIC adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in the guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. TSIC elected the effective date transition method.

As of July 1, 2022, TSIC recognized (a) operating lease liabilities of \$137,986, which represents the present value of the remaining lease payments of \$139,928, discounted using a risk-free rate of return of 0.66% based on the 5-year U.S. Treasury rate at the date of the lease inception on August 1, 2021, and (b) operating right-of-use asset of \$137,986.

**2. LIQUIDITY AND RESERVES**

TSIC has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects TSIC financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,034,644	\$ 2,029,117
Investments	988,058	312,779
Grants and Pledges Receivable	649,698	140,762
Beneficial Interest in Assets Held by Community Foundation	<u>26,173</u>	<u>26,102</u>
Total Financial Assets	<u>3,698,573</u>	<u>2,508,760</u>
Less Amounts Not Available to be Used Within One Year:		
Investments – Endowment	371,249	
Net Assets With Donor Restrictions	1,282,314	700,470
Beneficial Interest in Assets Held by Community Foundation	26,173	26,102
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year	(798,122)	(513,370)
Less: Restricted Use of Facility	<u>(73,690)</u>	<u>(97,269)</u>
	<u>807,924</u>	<u>115,933</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,890,649</u>	<u>\$ 2,392,827</u>

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**  
Notes to Financial Statements  
June 30, 2023 and 2022

**2. LIQUIDITY AND RESERVES (continued)**

In the year ended June 30, 2023, TSIC established board designated investment endowment account held by an investment bank for long-term investing purposes. The investments are managed by the board of directors in consultation with the investment bank. TSIC does not intend to spend from its board designated endowment fund except as determined by the board of directors. At June 30, 2023, the Investment – Endowment account was \$371,249.

**3. PLEDGES RECEIVABLE**

At June 30, 2023 and 2022, pledges receivable consisted of:

	<u>2023</u>	<u>2022</u>
Pledges	\$ 460,000	\$
Less; Present Value Discount	<u>(23,914)</u>	<u>                    </u>
	436,086	
Less; Non-Current Portion	<u>(100,000)</u>	<u>                    </u>
Current Portion, Net of Allowance	<u>\$ 336,086</u>	<u>\$</u>

Pledges receivable at June 30, 2023, were scheduled to be collected as follows:

Year Ending June 30,	2024	\$ 100,000
	2025	140,000
	2026	120,000
	2027	<u>100,000</u>
		<u>\$ 460,000</u>

**4. PROPERTY AND EQUIPMENT**

At June 30, 2023 and 2022, property and equipment consisted of:

	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 28,713	\$ 28,713
Less: Accumulated Depreciation	<u>(22,735)</u>	<u>(21,768)</u>
	<u>\$ 5,978</u>	<u>\$ 6,945</u>

**5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

TSIC established a board designated endowment fund (the "Fund") with the Community Foundation for Palm Beach and Martin Counties (the "Foundation") by transferring funds without donor restrictions to the Foundation. The Fund held by the Foundation is reported as Beneficial Interest in Assets Held by Community Foundation on the statements of financial position. The Fund is carried at fair value as determined by the Foundation. At June 30, 2023 and 2022, the amount recorded as Beneficial Interest in Assets Held by Community Foundation was \$26,173 and \$26,102, respectively. Control over the administration, investment and distribution of the Fund is exercised exclusively by the Foundation. All funds transferred to the Foundation are irrevocable.

**5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (continued)**

The transfer of funds without restrictions to the Foundation met a requirement to receive a \$25,000 matching grant. The funds comprising the matching grant are assets of the Foundation and are controlled and maintained by the Foundation. The matching grant funds and any future donor advised contributions received directly by the Foundation are reported separately from the Fund and is not included in the Beneficial Interest in Assets Held by the Foundation assets.

The Foundation invests the endowment funds in accordance with its normal investment guidelines and are adjusted for the results of the investment performance in accordance with the procedures adopted by the Foundation. It is the general policy of the Foundation to make distributions from the funds in accordance with the spending policy adopted by the Foundation, which may change from time to time. There were no distributions from the endowment funds during the years ended June 30, 2023 and 2022.

**6. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Mentoring and Support	\$ 721,904	\$ 561,762
Special Events	26,720	41,439
Use of Facility	73,690	97,269
Future Periods	460,000	
	<u>\$ 1,282,314</u>	<u>\$ 700,470</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Scholarships and Mentoring	\$ 647,212	\$ 534,166
Special Event	41,439	7,000
Use of Facility	24,150	
Passage of Time	100,000	
	<u>\$ 812,801</u>	<u>\$ 541,166</u>

**7. CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject TSIC to concentrations of credit risk consist primarily of cash equivalents, investments, and unsecured receivables. TSIC's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. TSIC has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in TSIC's grants and pledges receivable.

At June 30, 2023, TSIC had approximately \$988,000 invested in cash equivalents and mutual funds with a major financial institution. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of TSIC. Due to the diversity and composition of its investments, management feels it is not exposed to any significant credit risk on these accounts.

At June 30, 2023, TSIC had \$2,034,600 in cash, of which \$1,496,000 was in excess of the federally insured limits. TSIC has not experienced any losses in such accounts.

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**8. LEASE COMMITMENTS**

TSIC implemented ASC-842, *Leases*, effective July 1, 2022. This represents a change in accounting principles as it relates to leases. TSIC leases its office that is classified as an operating lease. The following components are recognized in the financial statements as of June 30, 2023:

Right of Use Leased Asset – Operating	<u>\$ 106,048</u>
Lease Liability – Operating	<u>\$ 106,048</u>

TSIC applied a discount rate of 0.66% for the operating lease, which is the risk-free rate of return on the 5-year U.S. Treasury rate at the date of the lease inception on August 1, 2021. The remaining lease term is 37 months as of June 30, 2023.

Future minimum payments under the lease as of June 30, 2023 are as follows:

Year Ended June 30,	2024	\$ 33,708
	2025	34,719
	2026	35,761
	2027	<u>2,987</u>
		107,175
	Less: Discount	<u>(1,127)</u>
		106,048
	Less: Current Portion	<u>(33,108)</u>
	Non-Current Portion	<u>\$ 72,940</u>

Total rent expense for the operating lease was \$32,752 for the year ended June 30, 2023.

**9. CONTRIBUTED SERVICES AND FACILITIES**

The value of contributed services and facilities included in the financial statements for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
<b><u>Revenue</u></b>		
Scholarships	\$ 55,268	\$ 54,534
Mentoring	231,312	183,042
Professional Services	6,750	10,000
Rent – Use of Facility	24,150	24,150
Special Events Supplies and Services	<u>14,400</u>	<u>15,755</u>
	<u>\$ 331,880</u>	<u>\$ 287,481</u>
<b><u>Expenses</u></b>		
Program Services	\$ 304,693	\$ 265,688
General and Administrative	11,580	4,830
Fundraising	<u>15,607</u>	<u>16,963</u>
	<u>\$ 331,880</u>	<u>\$ 287,481</u>

During the years ended June 30, 2023 and 2022, a donor provided direct funding to the Florida Prepaid Foundation for certain students participating in TSIC's scholarship program with the Florida Prepaid Foundation. Based on estimated costs, the value for tuition and other costs provided to the students resulted in TSIC not paying \$55,268 and \$54,534, respectively.

**9. CONTRIBUTED SERVICES AND FACILITIES (continued)**

TSIC was provided professional and other services for its mentoring and event programs. Based on the current market value of the services provided, the TSIC would have paid \$252,462 and \$208,797 in years ended June 30, 2023 and 2022, respectively.

TSIC leases office space at a rental rate less than market value. Based on current market rates, TSIC would have paid an additional \$24,150 for each of the years ended June 30, 2023 and 2022, respectively.

**10. RETIREMENT PLAN**

TSIC has established a Simple IRA Plan for all eligible employees. Participation in the plan by the employee is voluntary. TSIC is required to make a matching contribution equal to the employee's elective salary deferral up to a limit of 3% of the employee's compensation. The retirement plan expense was \$18,228 and \$17,187 for the years ended June 30, 2023 and 2022, respectively.

**11. FAIR VALUE MEASUREMENTS**

Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical issues or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TSIC has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**11. FAIR VALUE MEASUREMENTS (continued)**

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

**Investments:** Investments are comprised of cash equivalents and mutual funds and are valued at the net asset value of shares held at year end reported on the active market on which the investments are traded.

**Pledges Receivable:** Pledges receivable are valued at the estimated present value of expected future cash inflows using a 3.7% discount rate.

**Prepaid Tuition:** The value is determined by the number of prepaid tuition credit hours purchased less the prepaid credit hours used, adjusted for the present value of the prepaid tuition credit hours as calculated by the Florida Prepaid College Foundation taking into consideration the type of scholarship purchased, the credit hours available and the expected matriculation date of the student.

**Beneficial Interest in Community Foundation:** The value of the beneficial interest in the community foundation's investments is determined by the investment fund manager of the organization holding the assets. The composition of the assets held by the community foundation are invested pursuant to its governing instruments and valued accordingly.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TSIC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the TSIC's asset at fair value as of June 30, 2023 and 2022:

<u>June 30, 2023</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash Equivalents	\$ 57,644	\$ 57,644	\$	\$
Mutual Funds	930,414	930,414		
Pledges Receivable	436,086			436,086
Prepaid Tuition	4,809,429			4,809,429
Beneficial Interest in Community Foundation	26,173			26,173
	<u>\$ 6,259,746</u>	<u>\$ 988,058</u>	<u>\$</u>	<u>\$ 5,271,688</u>
<u>June 30, 2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash Equivalents	\$ 13,072	\$ 13,072	\$	\$
Mutual Funds	299,707	299,707		
Prepaid Tuition	4,504,406			4,504,406
Beneficial Interest in Community Foundation	26,102			26,102
	<u>\$ 4,843,287</u>	<u>\$ 312,779</u>	<u>\$</u>	<u>\$ 4,530,508</u>



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**11. FAIR VALUE MEASUREMENTS (continued)**

**Level 3 Gains and Losses**

The table below sets forth a summary of changes in the fair value of the TSIC's Level 3 asset for the years ended June 30, 2023 and 2022:

	<u>Pledges Receivable</u>	<u>Prepaid Tuition</u>	<u>Beneficial Interest in Community Foundation</u>
Balance, June 30, 2021	\$	\$ 4,278,427	\$ 28,901
Prepaid Tuition Credits Purchased		601,302	
Tuition Credits Used		(256,397)	
Change in Present Value Discount		(118,926)	
Unrealized Loss Relating to Instruments Still Held at the Reporting Date			(2,799)
Balance, June 30, 2022		4,504,406	26,102
New Pledges	\$ 560,000		
Receipts	(100,000)		
Prepaid Tuition Credits Purchased		599,377	
Tuition Credits Used		(458,711)	
Change in Present Value Discount	(23,914)	164,357	
Unrealized Gain Relating to Instruments Still Held at the Reporting Date			71
Balance, June 30, 2023	<u>\$ 436,086</u>	<u>\$ 4,809,429</u>	<u>\$ 26,173</u>

The change in net assets reported on the statement of activities includes the following changes in the fair value of TSIC's Level 3 assets:

	<u>2023</u>	<u>2022</u>
<b>Without Donor Restrictions:</b>		
<b>Public Support and Revenue</b>		
Investment Income	<u>\$ 71</u>	<u>\$ (2,799)</u>
<b>Expenses</b>		
Program Services		
Tuition Credit Used	458,711	256,397
Change in Present Value Discount	(164,357)	118,926
	<u>\$ 294,354</u>	<u>\$ 375,323</u>
<b>With Donor Restrictions:</b>		
Contributions	<u>\$ 536,086</u>	<u>\$</u>

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**11. FAIR VALUE MEASUREMENTS (continued)**

For the years ended June 30, 2023 and 2022, investment income was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 30,149	\$ 8,733
Change in Fair Value of Investments	48,348	(52,677)
	<u>\$ 78,497</u>	<u>\$ (43,944)</u>

**12. USE OF FACILITY**

TSIC exercised an option to renew its office facility lease for an additional five years expiring in July 2026. The agreement provided for a below market rental rate. TSIC has recognized as restricted revenue and a use of facility asset, the excess fair rental value of the rent over the required rent payments as of the date of exercising the renewal option. The initial amount recorded for the capitalized use of facility asset was \$118,813 representing the present value of the in-kind contribution of the lease using a discount rate of 0.66% (the risk-free interest rate at the renewal date). The capitalized use of facility asset is amortized over the term of the lease agreement with a corresponding amount released from restriction. At June 30, 2023 and 2022, the use of facility asset consisted of:

	<u>Use of Facility</u>		
	<u>In-Kind Fair Value</u>	<u>Present Value Discount</u>	<u>Net Present Value</u>
Fair Value of In-Kind Contribution at Exercise of Renewal Option Date	\$ 120,750	\$ (1,937)	\$ 118,813
Less: In-Kind Contribution for the Year Ended June 30, 2022	(22,138)	594	(21,544)
Balance, June 30, 2022	\$ 98,612	\$ (1,343)	\$ 97,269
Less: In-Kind Contribution for the Year Ended June 30, 2023	(24,150)	571	(23,579)
Balance, June 30, 2023	<u>\$ 74,462</u>	<u>\$ (772)</u>	<u>\$ 73,690</u>

**13. PRIOR PERIOD ADJUSTMENT**

TSIC leases its office facility under the terms of an operating lease commencing on the date of renewal (August 1, 2021) and expiring in July 2026. TSIC has not historically recorded the capitalized in-kind value of the excess of the fair market value of the facility rental over payments made to the landlord (Use of Facility) over the term of the lease. The Use of Facility and the corresponding Net Assets with Donor Restrictions – Use of Facility were corrected on the reported statement of financial position at June 30, 2022 by computing the in-kind value of future benefit using a discount rate of 0.66%. The effect of this change is as follows:

Net Assets With Donor Restrictions – End of Year, as Previously Reported at June 30, 2022	\$ 603,201
Prior Period Adjustment	<u>97,269</u>
Net Assets With Donor Restrictions – End of Year, as Restated at June 30, 2022	<u>\$ 700,470</u>

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

Board of Directors  
College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County  
West Palm Beach, Florida

We have audited the financial statements of College for Kids, Inc., d/b/a Take Stock in Children Palm Beach County ("TSIC") for the year ended June 30, 2023, and have issued our report thereon dated October 9, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2023. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

**Qualitative Aspects of Accounting Practices:**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TSIC are described in Note 1 to the financial statements. The only new accounting policy adopted during the year ended June 30, 2023 was Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended, and the application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by TSIC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the functional allocation of expenses and change in fair value of prepaid tuition. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

**Difficulties Encountered in Performing the Audit:**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements:**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management:**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations:**

We have requested certain representations from management that are included in the management representation letter dated October 9, 2023.

**Management Consultations with Other Independent Accountants:**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to TSIC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues:**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as TSIC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of College for Kids, Inc., d/b/a Take Stock in Children Palm Beach County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,  
**ROBBINS AND MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
October 9, 2023