

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

Financial Statements

June 30, 2024 and 2023

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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, 2024 and 2023 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, 2024 and 2023, 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 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
September 24, 2024

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

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 760,724	\$ 2,034,644
Investments	2,999,030	616,809
Pledges Receivable	440,000	100,000
Grants Receivable	103,941	213,612
Prepaid Expenses	26,163	22,425
Use of Facility	23,893	23,735
Total Current Assets	4,353,751	3,011,225
Non-Current Assets		
Investments - Endowment	586,239	371,249
Pledges Receivable	1,078,667	336,086
Prepaid Tuition	5,644,568	4,809,429
Deposits	2,500	2,500
Property and Equipment	5,034	5,978
Right of Use Lease Asset - Operating	70,061	106,048
Use of Facility	26,062	49,955
Beneficial Interest in Assets Held by Community Foundation	30,190	26,173
Total Non-Current Assets	7,443,321	5,707,418
Total Assets	\$ 11,797,072	\$ 8,718,643
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 65,131	\$ 29,438
Tuition Payable	3,151	3,151
Lease Liability - Operating	34,341	33,108
Total Current Liabilities	102,623	65,697
Non-Current Liabilities		
Lease Liability - Operating	38,599	72,940
Total Liabilities	141,222	138,637
Net Assets		
Without Donor Restrictions		
Board Designated	484,239	371,249
Other	9,015,126	6,926,443
Total Net Assets Without Donor Restrictions	9,499,365	7,297,692
With Donor Restrictions		
Use of Facility	49,955	73,690
Donor Restricted	2,106,530	1,208,624
Total Net Assets With Donor Restrictions	2,156,485	1,282,314
Total Net Assets	11,655,850	8,580,006
Total Liabilities and Net Assets	\$ 11,797,072	\$ 8,718,643

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, 2024 and 2023

	2024	2023
Net Assets Without Donor Restrictions		
Public Support and Revenues		
Grants and Contributions	\$ 1,784,667	\$ 1,185,472
Fundraising Events Income	466,448	585,818
Less: Costs of Direct Benefits to Donors	(125,635)	(177,734)
Investment Income	223,429	78,497
Miscellaneous	5,046	3,695
Contributed Services and Supplies	273,386	307,730
Net Assets Released from Restrictions - Donor Restrictions	1,357,430	788,651
Net Assets Released from Restrictions - Use of Facility	24,150	24,150
Total Public Support and Revenues	4,008,921	2,796,279
Expenses		
Program Services	1,314,534	1,451,851
General and Administrative	269,994	249,351
Fundraising	222,721	215,832
Total Expenses	1,807,249	1,917,034
Change in Net Assets Without Donor Restrictions	2,201,672	879,245
Net Assets With Donor Restrictions		
Contributions	2,255,751	1,394,645
Net Assets Released from Restrictions - Donor Restrictions	(1,357,430)	(788,651)
Net Assets Released from Restrictions - Use of Facility	(24,150)	(24,150)
Change in Net Assets With Donor Restrictions	874,171	581,844
Change in Net Assets	3,075,843	1,461,089
Net Assets, Beginning of Year	8,580,006	7,118,917
Net Assets, End of Year	\$ 11,655,849	\$ 8,580,006

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,075,844	\$ 1,461,089
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	944	967
Reduction in Right of Use Leased Asset - Operating	35,987	31,938
Decrease in Facility Use	23,735	23,579
Change in Present Value Discount for Pledges	117,419	23,914
Change in Fair Value of Investments	(120,895)	(48,277)
Change in Beneficial Interest in Assets Held by Community Foundation	(4,017)	(71)
Change in Present Value Discount for Prepaid Tuition	(270,001)	(164,357)
Changes in Assets and Liabilities:		
Decrease (Increase) in Grants Receivable	109,671	(72,850)
Increase in Pledges Receivable	(1,200,000)	(460,000)
(Increase) Decrease in Prepaid Expenses	(3,738)	80
Increase in Prepaid Tuition	(565,138)	(140,666)
Increase in Accounts Payable	35,693	9,121
Decrease in Lease Liability - Operating	(33,108)	(31,938)
Net Cash Flows from Operating Activities	1,202,396	632,529
Cash Flows from Investing Activities		
Proceeds from Sale of investments		7,503
Purchase of Investments	(2,476,316)	(634,505)
Net Cash Flows from Investing Activities	(2,476,316)	(627,002)
Net Change in Cash and Cash Equivalents	(1,273,920)	5,527
Cash and Cash Equivalents, Beginning of Year	2,034,644	2,029,117
Cash and Cash Equivalents, End of Year	\$ 760,724	\$ 2,034,644
Supplementary Disclosure of Cash Flow Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Out-Flows from Operating Lease	\$ 33,708	\$ 32,752
Other Non-Cash Investing and Financing Activities:		
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, 2024 and 2023

<u>2024</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Benefits	\$ 638,179	\$ 192,695	\$ 154,274	\$ 985,148
Mentor Management	345,692			345,692
Student Advocacy	119,952			119,952
Scholarships	84,581			84,581
Occupancy	55,010	14,670	3,667	73,347
Fundraising Events			52,432	52,432
Travel	22,421	7,211	958	30,590
Office	7,209	19,295	626	27,130
Telephone and Communication	13,156	3,057	4,838	21,051
Dues and Subscriptions	3,411	7,600	4,395	15,406
Insurance	9,111	4,083	236	13,430
Professional Fees		13,287		13,287
Student Supplies	8,440			8,440
Postage and Printing	5,234	967	316	6,517
Outreach and Promotion		3,155	326	3,481
Licenses and Fees		2,983	399	3,382
Contractors and Consultants	1,430	802	207	2,439
Depreciation	708	189	47	944
	<u>\$ 1,314,534</u>	<u>\$ 269,994</u>	<u>\$ 222,721</u>	<u>\$ 1,807,249</u>

<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>

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 September 24, 2024, 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, 2024 and 2023, 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.

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

TSIC'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, 2024 and 2023. 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 and the direct funding of non-Florida Prepaid College Foundation scholarships.

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.

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.

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

Reclassifications: Certain amounts in the 2023 financial statements have been reclassified for comparative purposes to conform with presentation in the 2024 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, 2024 and 2023, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 760,724	\$ 2,034,644
Investments	3,585,269	988,058
Grants and Pledges Receivable	1,622,608	649,698
Beneficial Interest in Assets Held by Community Foundation	<u>30,190</u>	<u>26,173</u>
Total Financial Assets	<u>5,998,791</u>	<u>3,698,573</u>
Less Amounts Not Available to be Used Within One Year:		
Investments – Endowment – Board Designated	484,239	371,249
Net Assets With Donor Restrictions	2,156,485	1,282,314
Beneficial Interest in Assets Held by Community Foundation	30,190	26,173
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year	(905,068)	(798,122)
Less: Restricted Use of Facility	<u>(49,955)</u>	<u>(73,690)</u>
	<u>1,715,891</u>	<u>807,924</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,282,900</u>	<u>\$ 2,890,649</u>

TSIC established an endowment fund to accept board designated funds and contributions restricted by donors for long-term investing purposes. The endowment funds are held by an investment bank and 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.

COLLEGE FOR KIDS, INC.
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY
Notes to Financial Statements
June 30, 2024 and 2023

3. PLEDGES RECEIVABLE

At June 30, 2024 and 2023, pledges receivable consisted of:

	<u>2024</u>	<u>2023</u>
Pledges	\$ 1,660,000	\$ 460,000
Less; Present Value Discount	<u>(141,333)</u>	<u>(23,914)</u>
	1,518,667	436,086
Less; Non-Current Portion	<u>(440,000)</u>	<u>(100,000)</u>
Current Portion, Net of Allowance	<u>\$ 1,078,667</u>	<u>\$ 336,086</u>

Pledges receivable at June 30, 2024, were scheduled to be collected as follows:

Year Ending June 30,	2025	\$ 440,000
	2026	440,000
	2027	440,000
	2028	<u>340,000</u>
		<u>\$ 1,660,000</u>

4. PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, property and equipment consisted of:

	<u>2024</u>	<u>2023</u>
Furniture and Equipment	\$ 28,713	\$ 28,713
Less: Accumulated Depreciation	<u>(23,679)</u>	<u>(22,735)</u>
	<u>\$ 5,034</u>	<u>\$ 5,978</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, 2024 and 2023, the amount recorded as Beneficial Interest in Assets Held by Community Foundation was \$30,190 and \$26,173, 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.

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, 2024 and 2023.

COLLEGE FOR KIDS, INC.
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY
Notes to Financial Statements
June 30, 2024 and 2023

6. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024 and 2023, net assets with donor restrictions are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Mentoring and Support	\$ 323,289	\$ 721,904
Special Events	21,241	26,720
Use of Facility	49,955	73,690
Future Periods	1,660,000	460,000
Held in Perpetuity	<u>102,000</u>	
	<u>\$ 2,156,485</u>	<u>\$ 1,282,314</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>2024</u>	<u>2023</u>
Scholarships and Mentoring	\$ 830,710	\$ 647,212
Special Event	26,720	41,439
Use of Facility	24,150	24,150
Passage of Time	<u>500,000</u>	<u>100,000</u>
	<u>\$ 1,381,580</u>	<u>\$ 812,801</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, 2024, TSIC had approximately \$3,585,300 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, 2024, TSIC had \$760,700 in cash, of which \$256,600 was in excess of the federally insured limits. TSIC has not experienced any losses in such accounts.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Right of Use Leased Asset – Operating	\$ 70,061	\$ 106,048
Lease Liability – Operating	<u>\$ 72,940</u>	<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 25 months as of June 30, 2024.

COLLEGE FOR KIDS, INC.
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY
Notes to Financial Statements
June 30, 2024 and 2023

8. LEASE COMMITMENTS (continued)

Future minimum payments under the lease as of June 30, 2024 are as follows:

Year Ended June 30,	2025	\$	34,719
	2026		35,761
	2027		2,987
			<u>73,467</u>
	Less: Discount		<u>(527)</u>
	Lease Liability		72,940
	Less: Current Portion		(34,341)
	Non-Current Portion	\$	<u>38,599</u>

Total rent expense for the operating lease was \$36,588 and \$32,752 for the years ended June 30, 2024 and 2023.

9. CONTRIBUTED SERVICES AND FACILITIES

The value of contributed services and facilities included in the financial statements for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
<u>Revenue</u>		
Scholarships	\$	\$ 55,268
Mentoring	258,986	231,312
Professional Services		6,750
Rent – Use of Facility	24,150	24,150
Special Events Supplies and Services	14,400	14,400
	<u>\$ 297,536</u>	<u>\$ 331,880</u>
<u>Expenses</u>		
Program Services	\$ 277,099	\$ 304,693
General and Administrative	4,830	11,580
Fundraising	15,607	15,607
	<u>\$ 297,536</u>	<u>\$ 331,880</u>

During the year ended June 30, 2023, 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.

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 \$273,386 and \$252,462 in years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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 \$18,407 and \$18,228 for the years ended June 30, 2024 and 2023, 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.

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 4.3% and 3.7% discount rate at June 30, 2024 and 2023, respectively.

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.

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11. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the TSIC's asset at fair value as of June 30, 2024 and 2023:

<u>June 30, 2024</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash Equivalents	\$ 1,868,843	\$ 1,868,843	\$	\$
Mutual Funds	1,716,426	1,716,426		
Pledges Receivable	1,518,667			1,518,667
Prepaid Tuition	5,644,568			5,644,568
Beneficial Interest in Community Foundation	30,190			30,190
	<u>\$ 10,778,694</u>	<u>\$ 3,585,269</u>	<u>\$</u>	<u>\$ 7,193,425</u>
<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>

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, 2024 and 2023:

	<u>Pledges Receivable</u>	<u>Prepaid Tuition</u>	<u>Beneficial Interest in Community Foundation</u>
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	436,086	4,809,429	26,173
New Pledges	1,700,000		
Receipts	(500,000)		
Prepaid Tuition Credits Purchased		896,714	
Tuition Credits Used		(331,576)	
Change in Present Value Discount	(117,419)	270,001	
Unrealized Gain Relating to Instruments Still Held at the Reporting Date			4,017
Balance, June 30, 2024	<u>\$ 1,518,667</u>	<u>\$ 5,644,568</u>	<u>\$ 30,190</u>

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11. FAIR VALUE MEASUREMENTS (continued)

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>2024</u>	<u>2023</u>
Without Donor Restrictions:		
Public Support and Revenue		
Investment Income	\$ 4,017	\$ 71
Expenses		
Program Services		
Tuition Credit Used	331,576	458,711
Change in Present Value Discount	(270,001)	(164,357)
	<u>\$ 61,575</u>	<u>\$ 294,354</u>
With Donor Restrictions:		
Contributions	\$ 1,582,581	\$ 536,086

For the years ended June 30, 2024 and 2023, investment income was comprised of the following:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 98,517	\$ 30,149
Change in Fair Value of Investments	120,895	48,277
Change in Beneficial Interest	4,017	71
	<u>\$ 223,429</u>	<u>\$ 78,497</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, 2024 and 2023, 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>
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	\$ 74,462	\$ (772)	\$ 73,690
Less: In-Kind Contribution for the Year Ended June 30, 2024	(24,150)	415	(23,735)
Balance, June 30, 2024	<u>\$ 50,312</u>	<u>\$ (357)</u>	<u>\$ 49,955</u>

13. **ENDOWMENTS**

During the year ended June 30, 2023, TSIC established an endowment fund to accept board designated funds and contributions restricted by donors. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors (the 'Board') to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board has determined that some of TSIC's net assets meet the definition of endowment funds under FUPMIFA.

The Board of TSIC has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TSIC classifies as net assets with restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, TSIC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of TSIC, and (7) TSIC's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The endowment fund is held by an investment bank and is managed by the Board in consultation with professional investment advisors. TSIC investment policy establishes prudence and diversification standards, the objective to increase the likelihood that it will meet the future financial needs of TSIC. Maximizing total return is accomplished by balancing asset growth and income in a manner sufficient to meet the endowment spending rate set by the Board.

Spending Policy. TSIC has adopted a policy of appropriating for distribution an amount commensurate with the total return expectations for the endowment portfolio and sufficient to meet budgetary needs of TSIC. In establishing this policy, TSIC considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. TSIC expects the spending policy to allow its endowment to grow at a rate which is consistent with the TSIC's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law

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13. ENDOWMENTS (continued)

TSIC does not intend to spend from its board designated endowment fund except as determined by the Board.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Donor-Restricted Endowment Funds	\$ 102,000	\$
Board-Designated Endowment Funds	<u>484,239</u>	<u>371,249</u>
Total Endowment	<u>\$ 586,239</u>	<u>\$ 371,249</u>

Changes in endowment net assets as of June 30, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, June 30, 2022	\$	\$	\$
Board Designated Transfers	350,000		
Investment Return – Net	<u>21,249</u>		
Endowment Net Assets, June 30, 2023	371,249		371,249
Board Designated Transfers	48,459		
Contributions		102,000	
Investment Return – Net	<u>64,531</u>		
Endowment Net Assets, June 30, 2024	<u>\$ 484,239</u>	<u>\$ 102,000</u>	<u>\$ 586,239</u>

14. PREPAID TUITION AND SCHOLARSHIP EXPENSE

During the years ended June 30, 2024 and 2023, TSIC paid to the Florida Prepaid College Foundation (Florida Prepaid) \$896,714 and \$599,376, respectively, to acquire scholarship contracts valued at \$1,248,726 and \$961,856, respectively, plus fees. The cost of the scholarship contracts purchased were reduced by \$364,662 and \$373,930, respectively, by applying sweep credits provided by Florida Prepaid.

The fair value of the scholarship contracts owned by TSIC (Prepaid Tuition) at June 30, 2024 and 2023 as calculated by Florida Prepaid were \$5,664,568 and \$4,809,429, respectively (see schedule below for analysis).

Scholarship expense for the years ended June 30, 2024 and 2023 were \$84,581 and \$372,339, respectively. As noted in the schedule below, scholarship expense between years was impacted by the various factors. As a result of the reduced scholarship expense in year ended June 30, 2024 compared to 2023, the percentage of support services to total expense was 27.3% and 24.3%, respectively.

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14. PREPAID TUITION AND SCHOLARSHIP EXPENSE (continued)

	<u>2024</u>	<u>2023</u>
<u>Prepaid Tuition</u>		
Fair Value of Scholarship Contracts at Beginning of Year	\$ 4,809,429	\$ 4,504,406
Purchase of Scholarship contracts:		
Add: Value of Contracts Purchased from Florida Prepaid (255 contracts in FY 2024 & 229 contracts in FY 2023)	1,248,726	961,856
Add: Fees Charges by Florida Prepaid	12,650	11,450
Less: Sweep Credits Provided by Florida Prepaid	<u>(364,662)</u>	<u>(373,930)</u>
Cash Disbursement by TSIC	<u>896,714</u>	<u>599,376</u>
Other Changes in Fair Value:		
Add: Funds Available for Scholarship Purchases	<u>204,690</u>	<u> </u>
Additional Increase in Fair Value of Scholarship Contracts	<u>204,690</u>	<u> </u>
Value of Scholarship Used	<u>(331,576)</u>	<u>(458,710)</u>
Change in Fair Value of Scholarship Contracts	<u>65,311</u>	<u>164,357</u>
Fair Value of Scholarship Contracts at End of Year	<u>\$ 5,644,568</u>	<u>\$ 4,809,429</u>
<u>Scholarship Expense</u>		
Value of Scholarships Used	\$ 331,576	\$ 458,710
Funds Available for Scholarship Purchases	(204,690)	
PV Discount	<u>(65,311)</u>	<u>(164,357)</u>
Sub-Total	61,575	294,353
Scholarship Amounts Paid Directly by TSIC	23,006	22,718
In-Kind Contributed Scholarships	<u> </u>	<u>55,268</u>
Scholarship Expense	<u>\$ 84,581</u>	<u>\$ 372,339</u>