

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

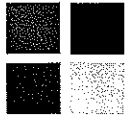
YEAR ENDED JUNE 30, 2010

CONTENTS

	PAGE
Independent auditor's report	1
Statement of financial position	2
Statement of activities	3
Statement of cash flows	4
Notes to financial statements	5
Supplemental information:	
Schedule of financial position - Dr. Philip Benjamin Matching Grant Program	14
Schedule of activities - Dr. Philip Benjamin Matching Grant Program	15
Schedule of financial position - Title III Endowment Grant - Fiscal year 1991	16
Schedule of activities - Title III Endowment Grant - Fiscal year 1991	17
Schedule of expenditures of federal awards and state financial assistance	18

CONTENTS (Continued)

	PAGE
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	20
Independent auditor's report on compliance with requirements applicable to each major federal awards program and state financial assistance project and on internal control over compliance in accordance with OMB Circular A-133	22
Schedule of findings and questioned costs – federal awards programs and state financial assistance	24
Summary schedule of prior audit findings	26



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gulf Coast Community College Foundation, Inc.
Panama City, Florida

We have audited the accompanying statement of financial position of Gulf Coast Community College Foundation, Inc. as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast Community College Foundation, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010, on our consideration of Gulf Coast Community College Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Gulf Coast Community College Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Also, the supplemental information, included on pages 14 through 17, is not a required part of the basic financial statements, but is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Panama City, Florida
September 29, 2010

501 West 19th Street
Panama City, Florida 32405
(850) 769-9491 ■ Fax: (850) 785-9590
www.cpagroup.com

600 Grand Panama Blvd., Suite 360
Panama City Beach, Florida 32407
(850) 233-1360 ■ Fax: (850) 233-1941
www.cpagroup.com

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Assets:	
Cash and cash equivalents	\$ 317,453
Unconditional promises to give, net	137,781
Investments	
The Common Fund, SPIA and Wachovia Bank	21,829,417
Certificates of deposit	524,292
Investment - real estate	47,687
Other assets	5,990
Furniture and equipment, net	<u>15,596</u>
Total Assets	<u><u>\$ 22,878,216</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 285,796
Total liabilities	<u>285,796</u>
Net Assets:	
Unrestricted---	
Operating	82,601
Temporarily restricted	12,295,922
Permanently restricted	10,213,897
Total net assets	<u>22,592,420</u>
Total Liabilities and Net Assets	<u><u>\$ 22,878,216</u></u>

See the accompanying notes.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:				
Contributions	\$ 0	\$ 494,270	\$ 95,001	\$ 589,271
Memberships	6,807			6,807
Investment earnings, unrealized gains (losses) and fees	0	2,741,556		2,741,556
Annual meeting	25,630			25,630
Other income	10,558			10,558
Transfers	441,422	(473,967)	32,545	0
Net assets released from restrictions	911,565	(911,565)		0
Total revenue and other support	<u>1,395,982</u>	<u>1,850,294</u>	<u>127,546</u>	<u>3,373,822</u>
Expenses:				
Program services--				
Athletic expense	164,372			164,372
Camp Helen	1,500			1,500
Culinary	20,561			20,561
Health grant expense	46,138			46,138
Honors Plaza technology expense	250,000			250,000
Scholarships	379,917			379,917
WKGC	15,480			15,480
Other	33,597			33,597
Total program services	<u>911,565</u>			<u>911,565</u>
Supporting services--				
General and administrative	99,217			99,217
Fundraising	384,960			384,960
Total supporting services	<u>484,177</u>			<u>484,177</u>
Total expenses	<u>1,395,742</u>			<u>1,395,742</u>
Change in Net Assets	240	1,850,294	127,546	1,978,080
Net Assets, June 30, 2009	<u>82,361</u>	<u>10,445,628</u>	<u>10,086,351</u>	<u>20,614,340</u>
Net Assets, June 30, 2010	<u>\$ 82,601</u>	<u>\$ 12,295,922</u>	<u>\$ 10,213,897</u>	<u>\$ 22,592,420</u>

See the accompanying notes.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

Cash Flows Used By Operating Activities:

Change in net assets	\$ 1,978,080
Adjustments to reconcile change in net assets to net cash from operating activities-	
Depreciation expense	4,689
Increase in unconditional promises to give	(99,710)
Increase in accounts payable and accrued expenses	226,336
Decrease in accrued interest	9,533
Increase in cash value of life insurance	(476)
Interest and dividends restricted for reinvestment	(586,401)
Contributions restricted for permanent endowment	(95,001)
Unrealized gains on investments	(2,191,587)
Net cash used in operating activities	(754,537)

Cash Flows Used By Investing Activities:

Withdrawals of investments	223,846
Proceeds of matured certificates of deposit	(100,000)
Net cash provided by investing activities	123,846

Cash Flows From Financing Activities:

Interest and dividends restricted for reinvestment	586,401
Contributions restricted for permanent endowment	95,001
Net cash provided by financing activities	681,402

Net Increase in Cash and Cash Equivalents	50,711
--	--------

Cash and Cash Equivalents at Beginning of Year	266,742
---	---------

Cash and Cash Equivalents at End of Year	\$ 317,453
---	------------

See the accompanying notes.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities:

The Gulf Coast Community College Foundation, Inc. (the Foundation) is a not-for-profit corporation established under the laws of the State of Florida. The Foundation serves Gulf Coast Community College by providing funding and services to support and foster the pursuit of higher education. The Foundation's support comes primarily from individual donors' contributions, memberships, and various state and federal government grants.

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958-205, *Presentation of Financial Statements*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates:

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

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises To Give:

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their net realizable value, using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period, if they are expected to be collected in more than one year.

Investments:

Investments are carried at market value. Increases or decreases in market value are recognized in the period in which they occur.

Investment Pools:

Funds restricted by donors are pooled (except where pooling is prohibited) with unrestricted funds to maximize investment earnings. Short-term loans are sometimes used to assist the Foundation in making investments at the proper time. Earnings from investments less any interest expense are allocated to the various funds monthly based on the percentage of participation by each individual fund in the investment pool.

Depreciation and Amortization:

All acquisitions of furniture and equipment costing in excess of \$5,000 are capitalized. Furniture and equipment are stated at cost and are being depreciated over estimated useful lives of three to twenty years using a straight-line method, with a half year's depreciation recognized in the years of acquisition and disposal.

**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising:

The Foundation expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2010 totaled \$1,763.

NOTE 2 - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2010:

	<u>Original Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
The Common Fund	\$ 15,692,696	\$ 21,810,446	\$ 21,810,446
Special Purpose Investment Accounts (SPIA)	18,971	18,971	18,971
Certificates of deposit	<u>500,000</u>	<u>524,292</u>	<u>524,292</u>
	<u>\$ 16,211,667</u>	<u>\$ 22,353,709</u>	<u>\$ 22,353,709</u>

The amount of non-current investments at June 30, 2010 totaled \$16,383,971. The certificates of deposit bear interest ranging from 1.24% to 3.20% and have maturities of 12 months.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 0	\$ 613,521	\$ 613,521
Market gains (losses), net of fees	<u>0</u>	<u>2,128,035</u>	<u>2,128,035</u>
	<u>\$ 0</u>	<u>\$ 2,741,556</u>	<u>\$ 2,741,556</u>

The amount of investment fees incurred for the current year totaled \$63,552.

NOTE 3 - INVESTMENT - REAL ESTATE

Real estate donated to the Foundation was recorded on its books at \$47,687 which was believed to be a conservative value as of the date of donation. The value was not established by appraisal or other objective basis.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give at June 30, 2010, are as follows:

Receivable in less than one year	\$ 119,114
Receivable in one to five years	<u>18,667</u>
Total unconditional promises to give	137,781
Less discounts to net present value	<u> -</u>
Net unconditional promises to give at June 30, 2010	<u>\$ 137,781</u>

\$5,000 of the net promises are restricted for permanent endowment.

NOTE 5 - FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at June 30, 2010:

Office equipment	\$ 37,670
Less accumulated depreciation	<u>(22,074)</u>
Total	<u>\$ 15,596</u>

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Provide scholarship assistance	\$ 248,444
Other educational purposes	<u>12,047,478</u>
	<u>\$12,295,922</u>

Permanently restricted net assets are to provide a permanent endowment, with investment income restricted for scholarships, other educational purposes and investment.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - RESTRICTIONS ON NET ASSETS (Continued)

Purpose restrictions accomplished:

Athletic expense	\$ 164,372
Camp Helen	1,500
Culinary management	20,561
Health grant	46,138
Honors Plaza Technology Expense	250,000
Scholarships	379,917
WKGC	15,480
Other	<u>33,597</u>
 Total restrictions released	 <u>\$ 911,565</u>

NOTE 7 - GRANT RESPONSIBILITIES

The Foundation administers various grant funds for Gulf Coast Community College which are reflected on pages 12 through 17.

The Foundation has the responsibility for maintenance, investment and accountability of the Dr. Philip Benjamin Matching Grant Program. Private contributions that are designated by the donors or the Board of Trustees to be placed in the fund are matched by the State of Florida. The matching ratio for scholarship donations is \$1 for \$1. Other donations are matched on the basis of \$4 of State funds for each \$6 of private funds. The private contributions and the matching funds form the corpus of the fund. The corpus and the earnings thereon may be used for certain purposes to be determined by the board of trustees of the community college and the State Board of Education. Only the earnings may be spent on endowed scholarship programs.

The Title III Endowment Grant - FY 86 is administered by the Foundation on behalf of the college. The corpus consists of the \$50,000 grant, \$50,000 of matching funds, and 50% of the earnings on the corpus. The remaining 50% of earnings may be used for any educational purpose. The 20-year grant period ended on July 31, 2007, and the corpus was used for scholarships.

The Title III Endowment Grant - FY 91 is administered by the Foundation on behalf of the college. The corpus consists of the \$2,000,000 grant, \$1,000,000 of matching funds, and 50% of the earnings on the corpus. The remaining 50% of earnings may be used for any educational purpose. After the end of the 20-year grant period, June, 2011, the portion of the corpus consisting of the federal grant and related earnings can be used for any educational purposes. Because the matching funds were also pledged to the Dr. Philip Benjamin Matching Grant Program, the matching funds and related earnings are also subject to the restrictions of the Matching Grant Program.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 - GRANT RESPONSIBILITIES (Continued)

These grants are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures which are subsequently disallowed, the Foundation may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements. As of June 30, 2010, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 8 - INVESTMENT IN THE COMMON FUND

The endowment funds established by the 1991 Title III Grant, the 1986 Title III Grant, and various individuals have been invested by The Common Fund. This fund is organized as a bank common trust under the banking laws of the United States and is under the supervision of the Comptroller of the Currency. Law Debenture Trust Company of New York (Law Debenture) was appointed as the successor trustee effective December 22, 2008. Law Debenture acts as trustee of the fund and assets in trust are held by Law Debenture as custodian. The Common Fund selects the investment advisors for the fund and Law Debenture is responsible for the fund's operations. As assets are managed in trust, they are kept separate from the assets of Law Debenture, and a general creditor of the bank cannot claim the assets of the fund.

Gulf Coast Community College Foundation, Inc.'s endowment investments with The Common Fund are in its Equity Fund, Bond Fund, Short Term Fund, Government Program Fund and Government Short Term Fund. As with all The Common Fund investment funds, these are commingled pools of assets of which investors (i.e., member schools) own units of the fund, not the actual securities in the fund. The market value of each security in the fund is determined at the end of each month, and the total market value of the investment fund is calculated to assist in determining the fund's unit value. As a member school, Gulf Coast Community College Foundation, Inc. owns units of three commingled funds whose underlying assets are comprised of many types of marketable securities, including derivative securities. Gulf Coast Community College Foundation, Inc. (or any other member school, for that matter), by owning units of a commingled fund, does not own any of that fund's securities outright as one would own individual securities in a segregated portfolio. Gulf Coast Community College Foundation, Inc. does not directly own any derivative securities as a result of their investment with The Common Fund. However, by owning units of the Equity, Bond and Short Term Funds, Gulf Coast Community College Foundation, Inc. indirectly has a limited exposure to certain types of derivative securities.

The Foundation's investment in the fund is reported in the financial statements at market value.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - INVESTMENT IN SPIA

The Foundation has two Special Purpose Investment Accounts (SPIA) with the State of Florida. As a SPIA participant, the Foundation invests in the Florida Treasury Investment Pool. This is a pool of investments of which investors own shares of the pool, not the underlying securities. The Foundation's investment in the fund is reported in the financial statements at market value.

NOTE 10 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at several different financial institutions. Accounts held with banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Accounts held with broker-dealers are insured by the Securities Investor Protection Corporation up to \$100,000 for cash claims. At June 30, 2010, the Foundation did not have any uninsured cash balances.

NOTE 11 - ALLOCATION OF JOINT COSTS

During the year ended June 30, 2010, the foundation conducted activities that included appeals for contributions, as well as general and administrative components. These activities included direct mail campaigns and special events. The costs of conducting those activities included a total of \$435,369 of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

Fundraising	\$ 348,295
General and administrative	<u>87,074</u>
Total joint costs	<u>\$ 435,369</u>

NOTE 12 – SUBSEQUENT EVENTS

The Foundation did not have any subsequent events requiring disclosure or recording in these financial statements through September 29, 2010, which is the date these financial statements were issued.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13 – ENDOWMENTS

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

Interpretation of Relevant Law – The Board of Directors has interpreted the Florida Uniform Management of Institutional Funds Act (FUMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in manner consistent with the standard of prudence prescribed by FUMIFA. In accordance with FUMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds;

- (1) Long-term and short-term needs of the Foundation in carrying out its purposes;
- (2) Its present and anticipated financial resources;
- (3) General economic conditions;
- (4) The possible effects of inflation or deflation;
- (5) The expected tax consequences, if any, of investment decisions or strategies;
- (6) The role that each investment or course of action plays within the overall investment portfolio of the institutional fund;
- (7) The expected total return from income and the appreciation of its investments;
- (8) Other resources of the Foundation;
- (9) The needs of the Foundation and the institutional fund for liquidity, regularity of income, and preservation or appreciation of capital;
- (10) An asset's special relationship or special value, if any, to the purposes of the applicable gift instrument or to the Foundation;
- (11) Diversification of investments of the fund unless the board reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversifying.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13 – ENDOWMENTS (Continued)

Spending Policy – The Foundation has a policy of spending 5 percent of a three-year moving market value average of permanently restricted funds and earnings using December 31st figures of the current and two preceding years. As there may be situations requiring a higher percentage level of spending from endowment assets in order to assure the short term economic viability of the Foundation, the Finance Committee is authorized to increase the spending rate as necessary, but only with good cause.

Investment Policy – The Foundation expects that the long term asset allocation of the endowment will be approximately 55 percent equity and 45 percent fixed income investments. Recognizing that short term operational needs may require modification of this policy, the Finance Committee may authorize asset allocation changes of 10 percent around this normal policy. The Finance Committee is authorized to engage investment managers for the direct management of the endowment assets.

**Endowment Net Asset Composition by Type of Fund
as of June 30, 2010**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowments	\$ 12,295,922	\$10,213,897	\$22,509,819
Board-designated endowment funds	-	-	-

**Changes in Endowment Net Assets
For the year ended June 30, 2010**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 10,445,628	\$ 10,086,351	\$ 20,531,979
Investment return -			
Investment income	4,663,264		4,663,264
Net realized/unrealized gain/loss	(1,921,708)		(1,921,708)
Contributions	519,254	95,001	614,255
Appropriation of assets for expenditure	(936,549)		(936,549)
Transfers	<u>(473,967)</u>	<u>32,545</u>	<u>(441,422)</u>
Endowment net assets, end of year	<u>\$ 12,295,922</u>	<u>\$ 10,213,897</u>	<u>\$ 22,509,819</u>

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF FINANCIAL POSITION
DR. PHILIP BENJAMIN MATCHING GRANT PROGRAM
JUNE 30, 2010

ASSETS

Assets:	
Investments	\$ 10,590,118
Total Assets	<u>\$ 10,590,118</u>

NET ASSETS

Net Assets:	
Temporarily restricted	\$ 7,115,726
Permanently restricted	<u>3,474,392</u>
Total Net Assets	<u>\$ 10,590,118</u>

See independent auditor's report.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF ACTIVITIES
DR. PHILIP BENJAMIN MATCHING GRANT PROGRAM
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Investment gain, net		\$ 756,734		\$ 756,734
Net assets released from restrictions	\$ 739,930	(739,930)		0
Total revenues	<u>739,930</u>	<u>16,804</u>	<u>\$ 0</u>	<u>756,734</u>
Expenses:				
Program services--				
Scholarships	320,557			320,557
Program expense	250,000			250,000
Supporting services--				
Reinvestment fees	169,373			169,373
Total expenses	<u>739,930</u>	<u>0</u>	<u>0</u>	<u>739,930</u>
Change in Net Assets	0	16,804	0	16,804
Net Assets, June 30, 2009	<u>0</u>	<u>7,098,922</u>	<u>3,474,392</u>	<u>10,573,314</u>
Net Assets, June 30, 2010	<u>\$ 0</u>	<u>\$ 7,115,726</u>	<u>\$ 3,474,392</u>	<u>\$ 10,590,118</u>

See independent auditor's report.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF FINANCIAL POSITION
TITLE III ENDOWMENT GRANT - FISCAL YEAR 1991
P031G90147
JUNE 30, 2010

ASSETS

Assets:	
Investments	<u>\$ 5,415,378</u>
Total Assets	<u><u>\$ 5,415,378</u></u>

NET ASSETS

Net Assets:	
Temporarily restricted	<u>\$ 5,415,378</u>
Total Net Assets	<u><u>\$ 5,415,378</u></u>

See independent auditor's report.

GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF ACTIVITIES
TITLE III ENDOWMENT GRANT - FISCAL YEAR 1991
P031G90147
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Investment gain, net		\$ 323,138		\$ 323,138
Net assets released from restrictions	\$ 87,206	(87,206)		0
Total revenues	<u>87,206</u>	<u>235,932</u>	<u>\$ 0</u>	<u>323,138</u>
Expenses:				
Program services-- Scholarships	0			0
Supporting services-- Reinvestment fees	87,206			87,206
Total expenses	<u>87,206</u>	<u>0</u>	<u>0</u>	<u>87,206</u>
Change in Net Assets	0	235,932	0	235,932
Net Assets, June 30, 2009	<u>0</u>	<u>5,179,446</u>	<u>0</u>	<u>5,179,446</u>
Net Assets, June 30, 2010	<u>\$ 0</u>	<u>\$ 5,415,378</u>	<u>\$ 0</u>	<u>\$ 5,415,378</u>

See independent auditor's report.

**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2010**

<u>FEDERAL AWARDS</u>	<u>Original Grant Amount</u>	<u>Year Original Grant Funds are Available for Expenditure</u>	<u>Federal CFDA Number</u>	<u>Grant Related Expenditures</u>
<u>Program Title</u>				
Department of Education Institutional Aid: Endowment Grant Program			84.031*	
1991 Title III Endowment Grant, No. P031G90147	\$ 2,000,000	2011		\$ <u>87,206</u>
Total				\$ <u>87,206^a</u>

^a This amount does not represent an expenditure of federal awards received, but represents allowable expenditures of investment earnings on the corpus. The corpus consists of the original grant funds, applicable matching funds, and 50% of investment earnings each year.

<u>STATE FINANCIAL ASSISTANCE</u>	<u>Specific Appropriation Number</u>	<u>State Receipts</u>	<u>Grant Related Expenditures</u>
<u>Department of Education –</u>			
Division of Community Colleges			
Dr. Philip Benjamin Matching Grant Program ^b	180*	\$ 0	\$ 739,930

^b State Grant and Aids Appropriation moneys.

* denotes major program/project

(Continued on Page 19)

See independent auditor's report

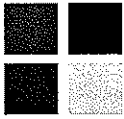
**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010**

(Continued from Page 18)

NOTE A – BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Gulf Coast Community College Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See independent auditor's report.



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

Board of Directors
Gulf Coast Community College Foundation, Inc.
Panama City, Florida

We have audited the financial statements of Gulf Coast Community College Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gulf Coast Community College Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gulf Coast Community College Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

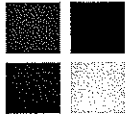
Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tipton, Marble, Aarnes & Christman

Panama City, Florida
September 29, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM
AND STATE FINANCIAL ASSISTANCE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Gulf Coast Community College Foundation, Inc.
Panama City, Florida

Compliance

We have audited the compliance of Gulf Coast Community College Foundation, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to its major federal program and state financial assistance projects for the year ended June 30, 2010. Gulf Coast Community College Foundation, Inc.'s major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal award program and state financial assistance projects is the responsibility of Gulf Coast Community College Foundation's management. Our responsibility is to express an opinion on Gulf Coast Community College Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Gulf Coast Community College Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Gulf Coast Community College Foundation's compliance with those requirements.

In our opinion, Gulf Coast Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and state financial assistance projects for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Gulf Coast Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered Gulf Coast Community College Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gulf Coast Community College Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tipton, Mader, Farmer & Chastain

Panama City, Florida
September 29, 2010

**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Gulf Coast Community College Foundation, Inc.
2. No instances of noncompliance material to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Gulf Coast Community College Foundation, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Awards Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*.
5. The auditor's report on compliance for the major federal award program and state financial assistance projects for Gulf Coast Community College Foundation, Inc. expresses an unqualified opinion.
6. No audit findings relative to the major federal award program and state financial assistance projects for Gulf Coast Community College Foundation, Inc. are reported in this schedule.
7. The programs tested as major programs included:

Federal Program	Federal CFDA No.
Department of Education	84.031
Institutional Aid:	
Title III Endowment Grant Program	
State Project	State Appropriation No.
Department of Education	180
Division of Community Colleges:	
Dr. Philip Benjamin Matching Grant Program	

8. The threshold for distinguishing Types A and B programs was \$300,000 for major federal award programs and \$300,000 for major state financial assistance projects.

**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010**

9. The fifty percent coverage was met without making a determination as to whether Gulf Coast Community College Foundation, Inc. qualifies as a low-risk auditee; therefore, no such determination was made.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF EDUCATION

- 09-1. Institutional Aid: Title III Endowment Grant Program - CFDA No. 84.031; Grant No. P031G90147; Grant period - year ended December 31, 1991.

None

D. FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

DEPARTMENT OF EDUCATION

- 09-1. Division of Community Colleges, Dr. Philip Benjamin Matching Grant Program – Specific appropriation number 180.

None

E. OTHER ISSUES

There are no findings required to be reported in the management letter required by Section 10.656(3)(e), Rules of the Auditor General, thus a management letter is not required.

**GULF COAST COMMUNITY COLLEGE FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010**

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM**

DEPARTMENT OF EDUCATION

2009 - Finding No. 1:

Condition: During the year ended June 30, 2009, the Foundation made significant efforts to improve its internal controls over cash. It appeared that occasional absences of personnel caused a lack of segregation of duties during those absences.

Recommendation: Duties should be segregated in such a manner that the actual receipt of cash be subject to proper internal controls at all times.

Current Status: There has been an additional personnel position put in place to ensure proper segregation of duties at all times.