

FLORIDA COLLEGE, INC.

Single Audit  
Financial Statements  
and  
Reports  
May 31, 2016

**ALAN K. GEER, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

---

TAMPA, FLORIDA

FLORIDA COLLEGE, INC.  
INDEX TO SINGLE AUDIT FINANCIAL STATEMENTS AND REPORTS  
May 31, 2016

---

---

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 16
Supplementary Information to Basic Financial Statements	17 - 23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	25
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 WITH GOVERNMENT AUDITING STANDARDS	26 - 27
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND RULES OF THE AUDITOR GENERAL	28 - 30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31 - 33
STATE OF FLORIDA SCHEDULE OF POPULATIONS, SAMPLES TESTED, AND QUESTIONED COSTS	34
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	35

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Florida College, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Florida College, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida College, Inc. as of May 31, 2016 and 2015, 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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, *Rules of the Auditor General of the state of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our reports dated February 21, 2017, on our consideration of Florida College, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. The purpose of those reports are 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering Florida College, Inc.'s internal control over financial reporting and compliance.



Tampa, Florida

February 21, 2017

**FLORIDA COLLEGE, INC.**  
**Statements of Financial Position**  
**as of May 31, 2016 and 2015**

	<b>Total All Funds</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 962,151	\$ 2,053,367
Accounts receivable (net of allowance for uncollectible accounts of \$251,512 for 2016 and \$78,991 for 2015)	222,444	175,852
Pledges receivable	2,923,566	2,780,503
Notes receivable- Perkins Student Loans	475,222	517,057
Inventories	245,475	248,927
Investments: Securities	17,887,560	16,479,613
Prepaid expenses and deposits	226,535	184,195
Land and fixed assets (net)	29,678,133	29,017,899
<b>Total assets</b>	<b>\$ 52,621,086</b>	<b>\$ 51,457,413</b>
<b>Liabilities and net assets:</b>		
<b>Liabilities</b>		
Accounts payable	249,495	235,429
Student prepayments and deposits	232,229	234,421
Accrued liabilities and other payables	584,756	630,128
Current portion of long-term debt	236,618	196,520
Assets held in trust for agencies	782,407	761,390
Deferred revenue	365,238	354,691
Long-term debt (net of current portion)	7,049,551	7,313,666
<b>Total liabilities</b>	<b>9,500,294</b>	<b>9,726,245</b>
<b>Net assets</b>		
Unrestricted	17,238,355	16,244,896
Temporarily restricted	7,416,794	6,092,203
Permanently restricted	18,465,643	19,394,069
<b>Total net assets</b>	<b>43,120,792</b>	<b>41,731,168</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,621,086</b>	<b>\$ 51,457,413</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Statements of Activities**  
**for the year ended May 31, 2016**  
**with comparative totals for the year ended May 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
<b>Revenues, gains, and other support:</b>					
Student tuition, fees, room and board (net)	\$ 13,000,727	\$ -	\$ -	\$ 13,000,727	\$ 12,363,764
Bookstore revenue	654,594	-	-	654,594	667,824
Golf Course revenue	-	-	-	-	230,024
Contributions and bequests	490,652	5,279,196	183,173	5,953,021	4,967,611
Dividends and interest	8,486	14,902	496,165	519,553	634,897
Gain (loss) on securities - net	(2,409)	-	493,763	491,354	418,763
Unrealized gain (loss) on securities	(126)	1,252	(1,331,442)	(1,330,316)	(341,121)
Other revenue	111,551	-	-	111,551	57,532
Transfers between funds	440,851	-	(440,851)	-	-
<b>Total revenues, gains, and other support</b>	<b>14,704,326</b>	<b>5,295,350</b>	<b>(599,192)</b>	<b>19,400,484</b>	<b>18,999,294</b>
Net assets released from restrictions					
Satisfaction of program restrictions	2,483,510	(2,154,276)	(329,234)	-	-
For capital asset expenditures	1,816,483	(1,816,483)	-	-	-
Total net assets released from restrictions	4,299,993	(3,970,759)	(329,234)	-	-
<b>Total revenues, gains, and other support</b>	<b>19,004,319</b>	<b>1,324,591</b>	<b>(928,426)</b>	<b>19,400,484</b>	<b>18,999,294</b>
<b>Cost of revenues:</b>					
Bookstore cost of revenue	(500,123)	-	-	(500,123)	(458,191)
Golf Course cost of revenue	-	-	-	-	(4,814)
Outsourcing cost of revenue	(1,010,589)	-	-	(1,010,589)	(1,008,096)
<b>Total cost of revenues</b>	<b>(1,510,712)</b>	<b>-</b>	<b>-</b>	<b>(1,510,712)</b>	<b>(1,471,101)</b>
<b>Gross margin</b>	<b>17,493,607</b>	<b>1,324,591</b>	<b>(928,426)</b>	<b>17,889,772</b>	<b>17,528,193</b>
<b>Expenses and losses:</b>					
<b>Program services:</b>					
Instruction	3,795,566	-	-	3,795,566	3,592,569
Library	291,174	-	-	291,174	284,875
Student services	308,560	-	-	308,560	279,464
Scholarships and student aid	2,984,835	-	-	2,984,835	2,812,426
Academy	1,179,669	-	-	1,179,669	1,162,166
Bookstore	212,994	-	-	212,994	196,599
Cafeteria	74,207	-	-	74,207	73,457
Housing	1,457,772	-	-	1,457,772	1,425,638
Advising	87,715	-	-	87,715	128,201
Athletics	567,523	-	-	567,523	513,981
<b>Total program services</b>	<b>10,960,015</b>	<b>-</b>	<b>-</b>	<b>10,960,015</b>	<b>10,469,376</b>
<b>Support services:</b>					
General administration	602,179	-	-	602,179	622,018
President & business office	890,350	-	-	890,350	928,357
Admissions and marketing	463,242	-	-	463,242	480,390
Financial aid	132,767	-	-	132,767	130,476
Institutional development	508,118	-	-	508,118	456,236
Alumni and public relations	352,322	-	-	352,322	283,299
Creative services	354,023	-	-	354,023	338,004
Computer services	587,504	-	-	587,504	517,262
Plant operations	1,649,628	-	-	1,649,628	1,499,642
Golf Course	-	-	-	-	232,411
<b>Total support services</b>	<b>5,540,133</b>	<b>-</b>	<b>-</b>	<b>5,540,133</b>	<b>5,488,095</b>
<b>Total expenses and losses</b>	<b>16,500,148</b>	<b>-</b>	<b>-</b>	<b>16,500,148</b>	<b>15,957,471</b>
<b>Total change in net assets</b>	<b>993,459</b>	<b>1,324,591</b>	<b>(928,426)</b>	<b>1,389,624</b>	<b>1,570,722</b>
<b>Net assets at beginning of year</b>	<b>16,244,896</b>	<b>6,092,203</b>	<b>19,394,069</b>	<b>41,731,168</b>	<b>40,160,446</b>
<b>Net assets at end of year</b>	<b>\$ 17,238,355</b>	<b>\$ 7,416,794</b>	<b>\$ 18,465,643</b>	<b>\$ 43,120,792</b>	<b>\$ 41,731,168</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Statements of Cash Flows**  
**for the years ended May 31, 2016 and 2015**

	<b>Total 2016</b>	<b>Total 2015</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,389,624	\$ 1,570,722
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization and depreciation	1,274,567	1,180,182
(Increase) decrease in accounts receivable	(46,592)	118,217
(Increase) decrease in pledges receivable	(143,063)	(368,957)
(Increase) decrease in Perkins notes receivable	41,835	45,686
(Increase) decrease in inventories	3,452	(7,782)
(Increase) decrease in prepaid assets	(42,340)	(49,418)
Increase (decrease) in accounts payable, accrued liabilities and student deposits	(33,498)	(59,752)
Increase (decrease) in assets held in trust for others	21,017	10,231
Increase (decrease) in deferred revenues	10,547	(102,987)
(Gain)/loss on the disposal of fixed assets	63,255	(27,443)
(Gain)/loss on the sale of investments	(494,130)	(390,580)
Unrealized (gains)/losses on securities	338,558	341,121
Cash received - restricted for capital expenditures	(1,816,483)	(1,443,156)
<b>Net change in cash from operating activities</b>	<b>566,749</b>	<b>816,084</b>
<b>Cash flows from investing activities:</b>		
(Purchases) of capital assets	(1,998,054)	(1,489,453)
(Purchases) of investments	(6,149,725)	(4,756,093)
Proceeds from sale of investments	4,897,348	4,914,266
<b>Net change in cash from investing activities</b>	<b>(3,250,431)</b>	<b>(1,331,280)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for:		
Capital expenditures	1,816,483	1,443,156
Increase (decrease) in notes payable	(224,017)	(327,114)
<b>Net change in cash from financing activities</b>	<b>1,592,466</b>	<b>1,116,042</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,091,216)</b>	<b>600,846</b>
Cash and cash equivalents at beginning of year	2,053,367	1,452,521
<b>Cash and cash equivalents at end of year</b>	<b>\$ 962,151</b>	<b>\$ 2,053,367</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE A -- NATURE OF ACTIVITIES

Florida College, Inc. ("the College") is a four year liberal arts college located on a 124 acre campus in Temple Terrace, Florida. The College was chartered in 1946 and was a two year institution until 1996, at which time it was accredited as a four year institution. The College has an enrollment of approximately 530 students, of which about 30% come from the state of Florida, 2% international and the balance from throughout the United States. The College is primarily supported by tuition, room, board, contributions from alumni and supporters of the College, and earnings on endowments.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis as required by generally accepted accounting principles.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, 958-210, 958-225 and 958-230 (Formerly Statement of Financial Accounting Standards (SFAS) No. 117), which provides authoritative guidance for the preparation of Financial Statements of Not-for-Profit Organizations. Under this authoritative guidance, the Organization 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, as described below:

- \* Unrestricted net assets -- Net assets that are not subject to donor-imposed stipulations.
- \* Temporary restricted net assets -- Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- \* Permanently restricted net assets -- Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of such assets permit the College to use all or part of the income earned on the assets.

Revenue and Support Recognition

Tuition revenue and other program service fees are recognized as revenue in the period in which the service is provided. Prepayments of tuition and fees are recorded as deferred revenue. (See Note J)

The College accounts for contributions in accordance with the recommendations of the FASB ASC 958-605 (Formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Contributions, including unconditional promises to give (Pledges) are recognized as revenues in the period in which the pledge is made. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at 8%, to approximate net present value. An allowance for uncollectible contributions receivable is provided at 10% based upon management's judgment. Estates and bequests are not recognized as revenue until funds are received due to the difficulty of determining the value and timing of such events. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.



FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less, except for those purchased with endowment assets or other restricted deposits which are classified as investments. (See Note G) The College maintains cash balances at several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The coverage limits in effect at May 31, 2016 and 2015 were \$250,000 per depositor, per insured bank, for each account ownership category. At May 31, 2016 and 2015, the College's bank balances exceeding the FDIC limit totaled \$822,948 and \$1,315,273, respectively.

The College also maintains several brokerage money market funds, which are not insured by the FDIC. At May 31, 2016 and 2015, the College's brokerage money market funds, excluding amounts classified as long-term investments, totaled \$239,722 and \$620,181, respectively.

The classification of cash and cash equivalents by net asset class is presented in the supplemental reports on pages 19 and 20.

Accounts Receivable

Accounts receivable less allowance for bad debts is 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 actual collections by a third party administrator.

Inventory

The Bookstore inventory is stated at the lower of cost or market, using the first-in, first-out method.

Land, Buildings and Equipment

Land, buildings and equipment are stated primarily at cost less accumulated depreciation. Any donated fixed assets are recorded at fair market value. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (5 to 40 years). Expenditures for new construction, major renewals, replacements, and equipment costing over \$2,500 are capitalized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates primarily because of depreciation, estimated uncollectible accounts for receivables, and pledges receivable.

Investments

Because the College has adopted FASB ASC 958-320, "Investments - Debt and Equity Securities" (formerly SFAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. (See also Note G)

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of Financial Instruments

The College measures fair value of financial instruments based on the framework set forth by FASB ASC 820, "Fair Value Measurements and Disclosures." That framework provides a fair value hierarchy that prioritizes, into three levels, the inputs to valuation techniques used to measure fair value. Following is a description of those three levels as defined in ASC 820.

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs: Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

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.

There have been no significant changes in the methodologies used for the years ended May 31, 2016 and 2015.

The carrying amounts of cash and cash equivalents, accounts receivable, unconditional promises to give (Pledges) to be received in less than one year, prepaid expenses and deposits, and undistributed investment earnings approximate their fair value because of the short maturities of those financial instruments. The fair value of pledges to be received in more than one year is estimated based on future cash flows discounted at 8% to present value and further adjusted downward 10% to net realizable value for estimated uncollectible accounts. (See Note F)

The fair value of loans to students under government loan programs is estimated to approximate carrying value, which is adjusted for estimated uncollectible accounts, although notes receivable under these programs are not salable and can only be assigned to the U.S. government.

U.S. government securities, corporate bonds, actively traded equities, and cash investments are all valued at the closing price reported on the active or observable market on which the individual securities are traded.

Mutual fund investments are valued at the net asset value (NAV) of shares held as published at the end of the last trading day of the fiscal year.

The fair value of some long-term investments which are not actively traded investments are based upon values provided by an external investment manager or management of the investment.

The carrying amounts of accounts payable, accrued liabilities, student prepayments, and agency funds approximate their fair value because of the short maturities of those financial instruments.

The carrying amount of deferred revenue from charitable annuities approximates its fair value because the carrying amount is adjusted to the closing price reported on the active or observable markets in which the investments are held.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of Financial Instruments (Continued)

The carrying amount of notes payable approximates fair value because those financial instruments bear interest at rates that approximate current market rates for notes with similar maturities and credit quality.

See Note I, which sets forth by level, within the fair value hierarchy, the College's assets and liabilities at fair value as of May 31, 2016 and 2015.

Concentrations of risk:

The College generates revenue predominantly from tuition and fees, investment income, gifts and contributions. In planning and budgeting during a fiscal year, significant reliance is placed on meeting tuition and contribution goals in order for the College to sustain successful operations. In the event that enrollment or contributions significantly decrease in anyone year, operations could be affected.

Financial instruments that potentially subject the College to concentrations of credit and market risk consist primarily of cash and investments. Cash equivalents are maintained at high credit quality financial institutions. The College has not experienced any losses on its cash equivalents. From time to time, the College's cash balances at the financial institutions exceed federal depository insurance coverage and management considers this to be a normal business risk.

The College's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the College's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

NOTE C -- INCOME TAXES

The College qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes, except for taxes on unrelated business income.

Income unrelated to the College's exempt purpose is subject to federal and state income taxes. The receipt of income from the College bookstore is subject to taxation as unrelated business income (UBI). The College has a UBI net operating loss carry forward resulting from prior years' losses; however, future benefit from this carry forward is expected to be minimal.

FASB ASC 740, "Income Taxes," and related subsections prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the College's tax returns. Management has determined that the College does not have any uncertain tax positions that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the College's tax returns will not be challenged by the taxing authorities and that the College will not be subject to additional tax, penalties, and interest as a result of such challenge, although none is anticipated by management. Generally the College's tax returns remain open for federal and state income tax examination for three years from the date of filing.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE D -- ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts owed to the College primarily for student tuition, room, and board.

Accounts receivable consist of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Current student receivables	\$ 285,718	\$ 183,966
Former student receivables	150,681	42,067
Other receivables	37,557	28,810
Total	<u>\$ 473,956</u>	<u>\$ 254,843</u>
Less Allowance for doubtful accounts	(251,512)	(78,991)
Net Accounts receivable	<u>\$ 222,444</u>	<u>\$ 175,852</u>

NOTE E -- NOTES RECEIVABLE

Notes receivable were comprised of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Perkins loans receivable, permanently restricted - student federal loan program	\$ 475,222	\$ 517,057

The College participates in various federal student financial aid and loan programs governed by the U.S. Department of Education. Student loans receivable represent amounts due from students who have outstanding balances through loans with the Perkins federal program. Advances from the federal government of \$319,904 represent the College's estimated liability to the U.S. Department of Education in the event these programs were ever terminated.

NOTE F -- PROMISES TO GIVE (PLEDGES RECEIVABLE)

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Promises to give expected to be collected in:		
Less than one year	\$ 1,488,625	\$ 1,141,683
One to five years	1,990,869	2,210,476
Total	<u>\$ 3,479,494</u>	<u>\$ 3,352,159</u>
Less present value discount at 8%	(231,088)	(262,711)
Less allowance for uncollectible	(324,840)	(308,945)
Net Pledges receivable	<u>\$ 2,923,566</u>	<u>\$ 2,780,503</u>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE G -- INVESTMENTS

Investments are recorded at fair market value. The historical cost and fair market value is as follows:

<u>May 31, 2016</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains (Losses)</u>
Securities	\$ 17,726,614	\$ 17,887,560	\$ 148,497
Total Investments	<u>\$ 17,726,614</u>	<u>\$ 17,887,560</u>	<u>\$ 148,497</u>
<u>May 31, 2015</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains (Losses)</u>
Securities	\$ 14,990,588	\$ 16,479,613	\$ 1,489,025
Total Investments	<u>\$ 14,990,588</u>	<u>\$ 16,479,613</u>	<u>\$ 1,489,025</u>

NOTE H -- LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Land and improvements	\$ 2,470,079	\$ 2,438,008
Buildings and improvements	32,399,769	30,712,000
Equipment, vehicles, furniture & fixtures	4,965,498	5,070,574
Library books	1,902,540	1,858,870
Total fixed assets	<u>\$ 41,737,886</u>	<u>\$ 40,079,452</u>
Less: Accumulated depreciation	(12,059,753)	(11,061,553)
Land, buildings and equipment, net	<u>\$ 29,678,133</u>	<u>\$ 29,017,899</u>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE I -- FAIR VALUE MEASUREMENTS

As described in Note B, the College measures fair value of investments based on the framework set forth by FASB ASC 820 which provides a fair value hierarchy that prioritizes, into three levels, the inputs to valuation techniques used to measure fair value.

The following tables set forth by level, within the fair value hierarchy, the College's financial assets and liabilities at fair value as of May 31, 2016 and 2015:

	<u>May 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 962,151	\$ -	\$ -	\$ 962,151
Accounts receivable - net	-	222,444	-	222,444
Pledges receivable	-	2,923,566	-	2,923,566
Notes receivable	-	-	475,222	475,222
Money market cash investments	-	-	-	-
U.S. government securities, mutual fund investments, corporate stocks, equity investments, certificates and guaranteed insurance contracts	16,831,959	1,055,601	-	17,887,560
Prepaid expenses and deposits	-	226,535	-	226,535
Total financial asset fair values	<u>\$ 17,794,110</u>	<u>\$ 4,428,146</u>	<u>\$ 475,222</u>	<u>\$ 22,697,478</u>
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 834,251	\$ -	\$ 834,251
Deferred revenue and student prepayments	365,238	232,229	-	597,467
Notes payable	7,286,169	-	-	7,286,169
U.S. government loan funds	-	574,563	-	574,563
Agency funds	207,844	-	-	207,844
Total financial liabilities fair values	<u>\$ 7,859,251</u>	<u>\$ 1,641,043</u>	<u>\$ -</u>	<u>\$ 9,500,294</u>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE I -- FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>May 31, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 2,053,367	\$ -	\$ -	\$ 2,053,367
Accounts receivable - net	-	175,852	-	175,852
Pledges receivable	-	2,780,503	-	2,780,503
Notes receivable	-	-	517,057	517,057
U.S. government securities, mutual fund investments, corporate stocks, equity investments, certificates and guaranteed insurance contracts	15,314,379	1,165,234	-	16,479,613
Prepaid expenses and deposits	-	184,195	-	184,195
<b>Total financial asset fair values</b>	<b>\$ 17,367,746</b>	<b>\$ 4,305,784</b>	<b>\$ 517,057</b>	<b>\$ 22,190,587</b>
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 865,557	\$ -	\$ 865,557
Deferred revenue and student prepayments	354,691	234,421	-	589,112
Notes payable	7,510,186	-	-	7,510,186
U.S. government loan funds	-	612,897	-	612,897
Agency funds	148,493	-	-	148,493
<b>Total financial liabilities fair values</b>	<b>\$ 8,013,370</b>	<b>\$ 1,712,875</b>	<b>\$ -</b>	<b>\$ 9,726,245</b>

NOTE J -- DEFERRED REVENUE

The College has several charitable gift annuities, whereby a donor gives money to the College in exchange for lifetime annuity payments to the donor. The College invests the contributed funds and uses the earnings to help pay the annuity payments to the donor. Upon the death of the donor, the residual account balance is then recognized as a contribution to the College. The account balances are deferred contributions to the College. These deferred contributions are presented as liabilities on the statements of financial position under the caption "Deferred revenue."

The College recognizes registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until the instruction commences. These deferred revenues are presented as liabilities on the statements of financial position under the caption "Student prepayments and deposits."

The College's deferred revenue consisted of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Charitable gift annuities	\$ 365,238	\$ 354,691
Prepaid tuition and fees	232,229	234,421
<b>Total Deferred revenue</b>	<b>\$ 597,467</b>	<b>\$ 589,112</b>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE K -- SHORT-TERM DEBT

The College has an unsecured, variable rate revolving line of credit at Pilot Bank with a limit of \$1.5 million. This line of credit began on March 4, 2009. The note has no stated maturity date, but does provide for an annual review on the anniversary date, and the note is callable on demand. As of May 31, 2016 and 2015, the College had an outstanding balance on the note of \$0 and \$0, respectively.

NOTE L -- LONG-TERM DEBT

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Note Payable to Pilot Bank for the construction of two residence halls, which is dated March 6, 2009. The note bears a variable rate of interest, which is equal to the Five Year Treasury Constant Maturity Average plus one and three quarters percent. At May 31, 2016 and 2015, this rate was 3.27% and 3.27%, respectively. The note matures on March 6, 2039 with a monthly principal and interest payment requirement based on the principal balance, the specified interest rate, and a 30 year amortization period. The loan is secured by certain real estate and buildings owned by the College.	\$ 7,012,091	\$ 7,212,154
 Note payable to Patriot Bank dated April 2, 2015, collateralized by golf course land owned by the College. The note bears a fixed interest rate of 4.75% until May 2, 2020, at which time the interest rate will be converted to a variable interest rate based on the Treasury Security Index as published by the Federal Reserve Statistical Release with a constant maturity of five years, plus a margin of 2.75%. The current monthly principal and interest payment amount is \$3,156 and the note matures on April 2, 2025.	<u>274,078</u>	<u>298,032</u>
Totals	<u>\$ 7,286,169</u>	<u>\$ 7,510,186</u>

Future scheduled maturities of long-term debt are as follows:

Years ending May 31:		
	2017	\$ 236,618
	2018	244,868
	2019	253,410
	2020	261,676
	2021	271,397
	Thereafter	6,018,200
		<u>\$ 7,286,169</u>

NOTE M -- INTEREST EXPENSE

Interest expense for the years ended May 31, 2016 and 2015 totaled \$253,043 and \$254,838, respectively.



FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

NOTE N -- RESTRICTIONS ON NET ASSETS

Net assets released from restrictions were comprised of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Instructional support	\$ 156,321	\$ 174,704
Scholarships provided	1,908,655	1,771,513
Academy	31,656	49,659
Athletics	12,656	10,764
Other program services	982	3,571
Fundraising	193,828	175,572
Other Support services	179,412	180,646
Capital assets	1,816,483	1,443,156
Total use of restricted funds released	<u>\$ 4,299,993</u>	<u>\$ 3,809,585</u>

Temporarily restricted net assets are available for the following purposes:

Earmarked funds	\$ 3,759,288	\$ 4,408,714
Adopt-a-Student Program	110,045	110,643
Board discretionary funds	1,024,524	1,024,524
Temporary scholarships	687,693	548,322
Capital Campaign	1,835,245	-
Total temporarily restricted net assets	<u>\$ 7,416,794</u>	<u>\$ 6,092,203</u>

Permanently restricted net assets are available for the following purposes:

Boswell endowment fund FBO general fund	\$ 9,107,207	\$ 9,698,600
Permanently endowed scholarship funds	6,651,608	6,944,449
Other permanently endowed funds	2,706,828	2,751,020
Total permanently restricted net assets	<u>\$ 18,465,643</u>	<u>\$ 19,394,069</u>

The Boswell Endowment Fund is properly included in the list of permanently restricted assets in the table shown above. However, the College Board has been given authority by the donor to use the principal of this fund for operations should extenuating circumstances require it.

NOTE O -- COMMITMENTS AND CONTINGENCIES

For many years the College leased some of its east campus land for a golf course. The lessee obtained a loan for land improvements for the golf course, which was collateralized by the golf course land owned by the College. In May 2010, the lessee filed for protection under the Chapter 11 reorganization bankruptcy laws of the State of Florida. During 2011, the lessee reached an agreement with the bank to modify the terms of the loan. This modification resulted in a balloon payment due in September 2014, three years after the date of the modification. The lessee defaulted on his note with the bank in September 2014. At that time, the College paid off the balance of the note payable to the bank \$374,641, and took over operations of the golf course.

In March 2015, the college sold the the golf course business and it's assets while retaining the land, buildings and land improvements. In addition, the College executed a new 15 year real property lease with the buyer for a total annual lease of \$60,000, payable in monthly installments of \$5,000. The annual payment will increase by 2% per year starting on March 3, 2016. The lease includes 2 options to extend the lease for 5 years each.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE P -- OPERATING LEASES

The College has several operating lease agreements for office equipment, computer equipment, and software with total monthly lease payments of approximately \$11,858 and terms ending on various dates from July 2016 through November 2019. Lease payments for the years ended May 31, 2016 and 2015 were \$141,892 and \$130,453, respectively.

Future commitments under the operating lease agreements are as follows:

Years ending May 31:	2017	\$	97,669
	2018		46,425
	2019		25,125
	2020		11,424
	Thereafter		-
		\$	<u>180,643</u>

NOTE Q -- ENDOWMENTS: INVESTMENT AND SPENDING POLICY

The College's investment policy for Endowment Assets provides for a diversified portfolio allowing all styles of investment management (growth, value, core, other) including alternative or hedge fund managers and non-U.S. managers. The investment policy sets forth guidelines for these investments based on an investment horizon of five years or more.

The target asset allocation is as follows:

Cash Equivalents	0 - 10%
Fixed Income	20 - 50%
Domestic Equity	20 - 45%
International Equity	10 - 20%
Alternative Investments	0 - 30%
Real Estate	0 - 20%

The objective of the College's investment policy is to maximize overall Endowment return within reasonable and prudent levels of risk allowing for a spending rate of 4% per annum. The policy specifically sets earning objectives at 4% greater than the Consumer Price Index which allows for the desired spending rate along with a modest increase in assets over time.

NOTE R -- PENSION PLAN

The College maintains a 401(k) retirement plan (Florida College Retirement Plan and Trust) covering substantially all full-time and some part-time employees. The Plan allows for eligible participants to make elective deferrals to their accounts. The Plan provides matching of 100% of employee contributions, up to 3% of the employee's total salary, and allows for additional contributions from the College at the discretion of the Board.

For the plan years ended May 31, 2016 and 2015, the Board declared that no additional discretionary contribution would be made by the College. Matching contributions are paid into employee's accounts at the time of each payroll processing. Discretionary contributions, if any, are accrued and paid into the employee's accounts within the time frame specified by IRS guidelines. The total retirement fund liability for discretionary contributions as of May 31, 2016 and 2015 was \$0 and \$0, respectively.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2016 and 2015

---

---

NOTE S -- SUPPLEMENTARY INFORMATION

The College has provided, as supplementary information, statements of financial position as of May 31, 2016 and 2015, statements of activities by type of net asset for the periods ended May 31, 2016 and 2015, and statements of cash flows by type of net asset for the periods ended May 31, 2016 and 2015. These statements do not include material interfund eliminations because such eliminations would create an out of balance condition within fund groups. Had the eliminations been reflected on the statements of financial position, both the interfund receivables and payables of \$5,192,315 as of May 31, 2016 and \$5,967,463 as of May 31, 2015 would have been eliminated. Had the eliminations been reflected on the statements of cash flows, both the decrease in interfund receivables and payables of \$775,148 for the year ended May 31, 2016, and the increase in interfund receivables and payables of \$432,527 for the year ended May 31, 2015 would have been eliminated. These statements can be found on pages 19 - 24.

NOTE T -- SUMMARIZED COMPARISON TOTALS ON STATEMENT OF ACTIVITIES

The statements of activities, found on page 4, includes prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a comparative presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's statement of activities for the year ended May 31, 2015, from which the summarized information was derived. See page 22 for the 2015 statement of activities with the net asset class detail.

NOTE U -- EVALUATION OF SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 12, 2016, the date which the financial statements were available to be issued and found no events or transactions which require modifications to the financial statements other than as disclosed in Note O.

## **Supplementary Information**

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors  
Florida College, Inc.  
Temple Terrace, FL

We have audited the financial statements of Florida College, Inc. as of and for the years ended May 31, 2016 and 2015, and have issued our report thereon dated September 12, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. These supplemental reports are presented for purposes of additional analysis and are not a required part of the financial statements. See Note S on page seventeen of this report. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Tampa, Florida

September 12, 2016

**FLORIDA COLLEGE, INC.**  
**Statement of Financial Position**  
**Disaggregated with Interfund Activity**  
**as of May 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 618,576	\$ -	\$ 343,575	\$ 962,151
Accounts receivable	473,956	-	-	473,956
Less: allowance for bad debts	(251,512)	-	-	(251,512)
Pledges receivable	-	2,923,566	-	2,923,566
Notes receivable	-	-	475,222	475,222
Inventories	245,475	-	-	245,475
Investments: Securities	-	2,803,186	15,084,374	17,887,560
Prepaid expenses and deposits	226,535	-	-	226,535
Due from other funds	-	2,055,280	3,137,035	5,192,315
Land and fixed assets	41,737,886	-	-	41,737,886
Less: accumulated depreciation	(12,059,753)	-	-	(12,059,753)
<b>Total assets</b>	<b>\$ 30,991,163</b>	<b>\$ 7,782,032</b>	<b>\$ 19,040,206</b>	<b>\$ 57,813,401</b>
<b>Liabilities and net assets:</b>				
<b>Liabilities</b>				
Accounts payable	249,495	-	-	249,495
Student prepayments and deposits	232,229	-	-	232,229
Accrued liabilities and other payables	584,756	-	-	584,756
Current portion of long-term debt	236,618	-	-	236,618
Assets held in trust for agencies	207,844	-	574,563	782,407
Deferred revenue	-	365,238	-	365,238
Due to other funds	5,192,315	-	-	5,192,315
Long-term debt (net of current portion)	7,049,551	-	-	7,049,551
<b>Total liabilities</b>	<b>13,752,808</b>	<b>365,238</b>	<b>574,563</b>	<b>14,692,609</b>
<b>Net assets</b>				
Unrestricted	17,238,355			17,238,355
Temporarily restricted		7,416,794		7,416,794
Permanently restricted			18,465,643	18,465,643
<b>Total net assets</b>	<b>17,238,355</b>	<b>7,416,794</b>	<b>18,465,643</b>	<b>43,120,792</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,991,163</b>	<b>\$ 7,782,032</b>	<b>\$ 19,040,206</b>	<b>\$ 57,813,401</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Statement of Financial Position**  
**Disaggregated with Interfund Activity**  
**as of May 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	1,341,199	-	712,168	2,053,367
Accounts receivable	254,843	-	-	254,843
Less: allowance for bad debts	(78,991)	-	-	(78,991)
Pledges receivable	-	2,780,503	-	2,780,503
Notes receivable	-	-	517,057	517,057
Inventories	248,927	-	-	248,927
Investments: Securities	2,944	672,924	15,803,745	16,479,613
Undeveloped land	-	-	-	-
Prepaid expenses and deposits	184,195	-	-	184,195
Due from other funds	-	2,993,467	2,973,996	5,967,463
Land and fixed assets	40,079,452	-	-	40,079,452
Less: accumulated depreciation	(11,061,553)	-	-	(11,061,553)
<b>Total assets</b>	<b>\$ 30,971,016</b>	<b>\$ 6,446,894</b>	<b>\$ 20,006,966</b>	<b>\$ 57,424,876</b>
<b>Liabilities and net assets:</b>				
<b>Liabilities</b>				
Accounts payable	235,429	-	-	235,429
Student prepayments and deposits	234,421	-	-	234,421
Accrued liabilities and other payables	630,128	-	-	630,128
Line of credit payable	-	-	-	-
Current portion of long-term debt	196,520	-	-	196,520
Assets held in trust for agencies	148,493	-	612,897	761,390
Deferred revenue	-	354,691	-	354,691
Due to other funds	5,967,463	-	-	5,967,463
Long-term debt (net of current portion)	7,313,666	-	-	7,313,666
<b>Total liabilities</b>	<b>14,726,120</b>	<b>354,691</b>	<b>612,897</b>	<b>15,693,708</b>
<b>Net assets</b>				
Unrestricted	16,244,896	-	-	16,244,896
Temporarily restricted	-	6,092,203	-	6,092,203
Permanently restricted	-	-	19,394,069	19,394,069
<b>Total net assets</b>	<b>16,244,896</b>	<b>6,092,203</b>	<b>19,394,069</b>	<b>41,731,168</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,971,016</b>	<b>\$ 6,446,894</b>	<b>\$ 20,006,966</b>	<b>\$ 57,424,876</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Statements of Activities**  
**Without Reclassification**  
**for the year ended May 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016
<b>Revenues, gains, and other support:</b>				
Student tuition and fees	\$ 10,057,206	\$ -	\$ -	\$ 10,057,206
Residence hall rental revenue	1,747,095	-	-	1,747,095
Dining revenue	1,492,941	-	-	1,492,941
Less: discounts on tuition/room/board	(296,515)	-	-	(296,515)
Bookstore revenue	654,594	-	-	654,594
Contributions and bequests	490,652	5,279,196	183,173	5,953,021
Dividends and interest	8,486	14,902	496,165	519,553
Gain (loss) on securities - net	(2,409)	-	493,763	491,354
Unrealized gain (loss) on securities	(126)	1,252	(1,331,442)	(1,330,316)
Other revenue	111,551	-	-	111,551
Transfers between funds	440,851	-	(440,851)	-
<b>Total revenues, gains, and other support</b>	<b>14,704,326</b>	<b>5,295,350</b>	<b>(599,192)</b>	<b>19,400,484</b>
Net assets released from restrictions for capital asset expenditures	1,816,483	(1,816,483)	-	-
Total net assets released from restrictions	1,816,483	(1,816,483)	-	-
<b>Total revenues, gains, and other support</b>	<b>16,520,809</b>	<b>3,478,867</b>	<b>(599,192)</b>	<b>19,400,484</b>
<b>Cost of revenues:</b>				
Bookstore cost of revenue	(500,123)	-	-	(500,123)
Outsourcing cost of revenue	(1,010,589)	-	-	(1,010,589)
<b>Total cost of revenues</b>	<b>(1,510,712)</b>	<b>-</b>	<b>-</b>	<b>(1,510,712)</b>
<b>Gross margin</b>	<b>15,010,097</b>	<b>3,478,867</b>	<b>(599,192)</b>	<b>17,889,772</b>
<b>Expenses and losses:</b>				
<b>Program services:</b>				
Instruction	3,639,245	156,321	-	3,795,566
Library	290,594	580	-	291,174
Student services	308,560	-	-	308,560
Scholarships and student aid	1,076,180	1,597,806	310,849	2,984,835
Academy	1,148,013	30,292	1,364	1,179,669
Bookstore	212,994	-	-	212,994
Cafeteria	74,207	-	-	74,207
Housing	1,457,772	-	-	1,457,772
Advising	87,313	402	-	87,715
Athletics	554,867	12,656	-	567,523
<b>Total program services</b>	<b>8,849,745</b>	<b>1,798,057</b>	<b>312,213</b>	<b>10,960,015</b>
<b>Support services:</b>				
General administration	506,815	78,343	17,021	602,179
President & business office	877,617	12,733	-	890,350
Admissions and marketing	460,883	2,359	-	463,242
Financial aid	132,767	-	-	132,767
Institutional development	314,290	193,828	-	508,118
Alumni and public relations	294,346	57,976	-	352,322
Creative services	354,023	-	-	354,023
Computer services	576,524	10,980	-	587,504
Plant operations	1,649,628	-	-	1,649,628
<b>Total support services</b>	<b>5,166,893</b>	<b>356,219</b>	<b>17,021</b>	<b>5,540,133</b>
<b>Total expenses and losses</b>	<b>14,016,638</b>	<b>2,154,276</b>	<b>329,234</b>	<b>16,500,148</b>
<b>Total change in net assets</b>	<b>993,459</b>	<b>1,324,591</b>	<b>(928,426)</b>	<b>1,389,624</b>
<b>Net assets at beginning of year</b>	<b>16,244,896</b>	<b>6,092,203</b>	<b>19,394,069</b>	<b>41,731,168</b>
<b>Net assets at end of year</b>	<b>\$ 17,238,355</b>	<b>\$ 7,416,794</b>	<b>\$ 18,465,643</b>	<b>\$ 43,120,792</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements



**FLORIDA COLLEGE, INC.**  
**Statements of Activities**  
**Without Reclassification**  
**for the year ended May 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015
<b>Revenues, gains, and other support:</b>				
Student tuition and fees	\$ 9,401,313	\$ -	\$ -	\$ 9,401,313
Residence hall rental revenue	1,671,246	-	-	1,671,246
Dining revenue	1,522,569	-	-	1,522,569
Less: discounts on tuition/room/board	(231,364)	-	-	(231,364)
Bookstore revenue	667,824	-	-	667,824
Golf course revenue	230,024	-	-	230,024
Contributions and bequests	563,185	4,332,835	71,591	4,967,611
Dividends and interest	5,636	12,967	616,294	634,897
Gain (loss) on securities - net	27,924	-	390,839	418,763
Unrealized gain (loss) on securities	140	-	(341,261)	(341,121)
Other revenue	57,532	-	-	57,532
Transfers between funds	462,269	-	(462,269)	-
	<b>14,378,298</b>	<b>4,345,802</b>	<b>275,194</b>	<b>18,999,294</b>
Net assets released from restrictions				
For capital asset expenditures	1,443,156	(1,443,156)	-	-
Total Net assets released from restrictions	<b>1,443,156</b>	<b>(1,443,156)</b>	<b>-</b>	<b>-</b>
<b>Total revenues, gains, and other support</b>	<b>15,821,454</b>	<b>2,902,646</b>	<b>275,194</b>	<b>18,999,294</b>
<b>Cost of revenues:</b>				
Bookstore cost of revenue	(458,191)	-	-	(458,191)
Golf course cost of revenue	(4,814)	-	-	(4,814)
Outsourcing cost of revenue	(1,008,096)	-	-	(1,008,096)
<b>Total cost of revenues</b>	<b>(1,471,101)</b>	<b>-</b>	<b>-</b>	<b>(1,471,101)</b>
<b>Gross margin</b>	<b>14,350,353</b>	<b>2,902,646</b>	<b>275,194</b>	<b>17,528,193</b>
<b>Expenses and losses:</b>				
<b>Program services:</b>				
Instruction	3,417,865	174,704	-	3,592,569
Library	282,783	2,092	-	284,875
Student services	279,464	-	-	279,464
Scholarships and student aid	1,040,913	1,454,549	316,964	2,812,426
Academy	1,112,507	48,323	1,336	1,162,166
Bookstore	196,599	-	-	196,599
Cafeteria	73,457	-	-	73,457
Housing	1,425,468	170	-	1,425,638
Advising	126,892	1,309	-	128,201
Athletics	503,217	10,764	-	513,981
<b>Total program services</b>	<b>8,459,165</b>	<b>1,691,911</b>	<b>318,300</b>	<b>10,469,376</b>
<b>Support services:</b>				
General administration	540,611	55,956	25,451	622,018
President and business office	911,245	17,112	-	928,357
Admissions and marketing	478,074	2,316	-	480,390
Financial aid	130,476	-	-	130,476
Institutional development	280,664	175,572	-	456,236
Alumni and public relations	231,350	51,949	-	283,299
Creative services	338,004	-	-	338,004
Computer services	509,561	7,701	-	517,262
Plant operations	1,479,481	-	20,161	1,499,642
Golf course	232,411	-	-	232,411
<b>Total support services</b>	<b>5,131,877</b>	<b>310,606</b>	<b>45,612</b>	<b>5,488,095</b>
<b>Total expenses and losses</b>	<b>13,591,042</b>	<b>2,002,517</b>	<b>363,912</b>	<b>15,957,471</b>
<b>Total change in net assets</b>	<b>759,311</b>	<b>900,129</b>	<b>(88,718)</b>	<b>1,570,722</b>
<b>Net assets at beginning of year</b>	15,485,585	5,192,074	19,482,787	40,160,446
<b>Net assets at end of year</b>	<b>\$ 16,244,896</b>	<b>\$ 6,092,203</b>	<b>\$ 19,394,069</b>	<b>\$ 41,731,168</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Statement of Cash Flows**  
**Disaggregated with Interfund Activity**  
**for the year ended May 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
<b>Cash flows from operating activities:</b>				
Change in net assets	\$ 993,459	\$ 1,324,591	\$ (928,426)	\$ 1,389,624
Adjustments to reconcile change in net assets to net cash used by operating activities:				
Amortization and depreciation	1,274,567	-	-	1,274,567
(Increase) decrease in accounts receivable	(46,592)	-	-	(46,592)
(Increase) decrease in pledges receivable	-	(143,063)	-	(143,063)
(Increase) decrease in Perkins notes receivable	-	-	41,835	41,835
(Increase) decrease in inventories	3,452	-	-	3,452
(Increase) decrease in prepaid assets	(42,340)	-	-	(42,340)
(Increase) decrease in interfund receivables	-	938,187	(163,039)	775,148
Increase (decrease) in accounts payable, accrued liabilities and student deposits	(33,498)	-	-	(33,498)
Increase (decrease) in assets held in trust for others	59,351	-	(38,334)	21,017
Increase (decrease) in deferred revenues	-	10,547	-	10,547
Increase (decrease) in interfund payables	(775,148)	-	-	(775,148)
(Gain)/loss on the disposal of fixed assets	63,255	-	-	63,255
(Gain)/loss on the sale of investments	(367)	-	(493,763)	(494,130)
Unrealized (gains)/losses on securities	347	(1,252)	339,463	338,558
Cash received - restricted for capital expenditures	-	(1,816,483)	-	(1,816,483)
<b>Net change in cash from operating activities</b>	<b>1,496,486</b>	<b>312,527</b>	<b>(1,242,264)</b>	<b>566,749</b>
<b>Cash flows from investing activities:</b>				
(Purchases) of capital assets	(1,998,054)	-	-	(1,998,054)
(Purchases) of investments	-	(2,129,010)	(4,020,715)	(6,149,725)
Proceeds from sale of investments	2,962	-	4,894,386	4,897,348
<b>Net change in cash from investing activities</b>	<b>(1,995,092)</b>	<b>(2,129,010)</b>	<b>873,671</b>	<b>(3,250,431)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from contributions restricted for:				
Capital expenditures	-	1,816,483	-	1,816,483
Increase (decrease) in notes payable	(224,017)	-	-	(224,017)
<b>Net change in cash from financing activities</b>	<b>(224,017)</b>	<b>1,816,483</b>	<b>-</b>	<b>1,592,466</b>
<b>Net change in cash and cash equivalents</b>	<b>(722,623)</b>	<b>-</b>	<b>(368,593)</b>	<b>(1,091,216)</b>
Cash and cash equivalents at beginning of year	1,341,199	-	712,168	2,053,367
<b>Cash and cash equivalents at end of year</b>	<b>\$ 618,576</b>	<b>\$ -</b>	<b>\$ 343,575</b>	<b>\$ 962,151</b>

See independent auditor's report  
The accompanying notes are an integral part of these financial statements

**FLORIDA COLLEGE, INC.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended May 31, 2016**

**Federal Awards**

<u>Grants and Scholarships</u>	<u>CFDA Number</u>	<u>Expenditure</u>
Pell Grant	84.063	\$ 712,811
Federal Supplemental Educational Opportunity Grant	84.007	18,813
Federal Work Study	84.033	<u>17,459</u>
Total Direct Federal Awards:		\$ 749,083
<u>Student Loans:</u>	<u>CFDA Number</u>	<u>Dollar Amount</u>
Perkins Loans	84.038	\$ 43,000
Federal Direct Loans	84.268	2,030,652
Federal Direct Plus Loans	84.268	<u>1,482,778</u>
Total Student Loans:		\$ 3,556,430
Total Federal Awards and Student Loans		<u><u>\$ 4,305,513</u></u>

**State Awards**

	<u>CSFA Number</u>	<u>Dollar Amount</u>
Bright Futures	48.059	\$ 135,788
FRAG	48.064	487,500
FSAG	48.054	<u>35,181</u>
Total State Awards		<u><u>\$ 658,469</u></u>

See independent auditor's report.  
The accompanying notes are an integral part of these financial statements.

FLORIDA COLLEGE, INC.  
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
May 31, 2016

---

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) is to present, in summary form, total federal award expenditures and state financial assistance of Florida College, Inc. (the College) for the year ended May 31, 2016 which have been funded under the various federal award programs and state financial assistance programs. The schedule is prepared on the accrual basis of accounting. Because the schedule presents only a selected portion of the activities of the College, it is not intended to and does not present the total expenses of the College.

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

To the Board of Directors of  
Florida College, Inc.

We have audited, in accordance with the 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, the financial statements of Florida College, Inc. (a non-profit organization), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florida College, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida College, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida College, Inc.'s internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Florida College, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

We noted certain matters that we reported to the management of Florida College, Inc. in a separate letter dated February 23, 2017.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tampa, Florida

February 21, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of  
Florida College, Inc.

**Report on Compliance for Each Major Federal and State Program**

We have audited Florida College, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of Florida College, Inc.'s major Federal and State programs for the year ended May 31, 2016. Florida College, Inc.'s major Federal and State programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management Responsibility**

Management is responsible for compliance with the requirements of laws and regulations applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Florida College, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*. Those standards, and the Uniform Guidance, 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 and/or state program occurred. An audit includes examining, on a test basis, evidence about Florida College, Inc.'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Florida College, Inc.'s compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, Florida College, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended May 31, 2016.

### **Report on Internal Control over Compliance**

Management of Florida College, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida College, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and/or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 Florida College, Inc.'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 and/or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and/or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and/or state program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses. However, significant deficiencies or material weaknesses may exist that have not been identified.



**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "J. L. Lee".

Tampa, Florida

February 21, 2017

**FLORIDA COLLEGE, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended May 31, 2016**

**Part I – Summary of Auditors’ Results**

**Financial Statement Section**

Type of auditors’ report issued: Unmodified

**Internal control over financial reporting:**

\* Material weakness(es) identified?        yes   X   no

\* Significant deficiency(ies) identified not considered to be material weaknesses?        yes   X   no

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards and State Projects Section**

Dollar threshold used to determine between Type A/B programs?

\* Federal programs                     \$750,000  
 \* State projects                     \$300,000

Auditee qualified as low-risk auditee for federal purposes?   X   yes        no

Type of auditors’ report on compliance for major federal programs and state projects: Unmodified

**FLORIDA COLLEGE, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects (continued)**  
**Year Ended May 31, 2016**

**Part I – Summary of Auditors’ Results (continued)**

**Federal Awards and State Projects Section (continued)**

Internal control over major programs:

\* Material weakness(es) identified?                           yes              X   no

\* Were significant deficiency(ies) identified  
not considered to be material  
weakness(es)?                           yes              X   no

Any audit findings disclosed that are  
required to be reported in accordance with  
the Uniform Guidance and/or Chapter 10.650?                           yes              X   no

Identification of major federal programs and state projects:

Federal Programs:

CFDA Number(s)	Name of Program or Cluster
84.063, 84.007, 84.268, 84.038, 84.033	U.S. Department of Education - Student Financial Assistance Cluster

State Programs:

CSFA Number(s)	Name of Program or Cluster
48.059	Florida Student Financial Assistance - Bright Futures
48.064	FRAG - Florida Resident Access Grant
48.054	FSAG - Florida Student Assistance Grant

**FLORIDA COLLEGE, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects (continued)**  
**Year Ended May 31, 2016**

**Part II – Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III – Federal Award Findings and Questioned Costs**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no findings required to be reported by the Uniform Guidance.

**Part IV – State Financial Assistance Project Findings and Questioned Costs**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of state financial assistance projects, as required to be reported by Chapter 10.650 of the Rules of the Auditor General.

There were no findings required to be reported by Chapter 10.650 of the Rules of the Auditor General.

NOTE: No management letter is attached because there are no items related to state financial assistance required to be reported in the management letter.

FLORIDA COLLEGE, INC.

State of Florida Student Financial Assistance Programs

Schedule of Populations, Samples Tested and Questioned Costs

For the Academic Year Beginning Fall 2015 and Ending Spring 2016

2015 - 2016 Academic Year

	<u>Award Population</u>		<u>Award Sample</u>				<u>Questioned Costs</u>			
	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>	<u>% of population amount</u>	<u>Recipients</u>	<u>% of population recipients</u>	<u>Amount</u>	<u>% of sample amount</u>	<u>Recipients</u>	<u>% of sample recipients</u>
Bright Futures - FAS	\$ 60,152	19	\$ 32,617	54%	10	53%	-	0%	-	0%
Bright Futures - Medallion	\$ 74,228	30	\$ 22,253	30%	10	33%	-	0%	-	0%
Bright Futures - Top Scholar	\$ 1,408	1	\$ 1,408	100%	1	100%	-	0%	-	0%
Florida Resident Access Grant (FRAG)	\$ 487,500	173	\$ 120,000	25%	44	25%	-	0%	-	0%
Florida Student Assistance Grant (FSAG)	\$ 35,181	30	\$ 13,500	38%	10	33%	-	0%	-	0%

**FLORIDA COLLEGE, INC.**  
**May 31, 2016**

**Schedule of Prior Audit Findings**

There were no findings reported last year for the year ending May 31, 2015.