

FLORIDA COLLEGE, INC.

Single Audit  
Financial Statements  
and  
Reports  
May 31, 2018

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

CERTIFIED PUBLIC ACCOUNTANTS

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TAMPA, FLORIDA

FLORIDA COLLEGE, INC.  
INDEX TO SINGLE AUDIT FINANCIAL STATEMENTS AND REPORTS  
May 31, 2018

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## 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, 2018 and 2017, 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, 2018 and 2017, 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 (on page 25), 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 (Uniform Guidance) 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 26, 2019, 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 26, 2019

**FLORIDA COLLEGE, INC.**  
**Statements of Financial Position**  
**as of May 31, 2018 and 2017**

	2018	2017
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,205,785	\$ 1,325,813
Accounts receivable (net)	233,694	249,737
Pledges receivable	1,441,326	1,446,088
Notes receivable- Perkins Student Loans	452,784	488,282
Inventories	324,814	264,161
Investments: Securities	21,492,284	19,744,653
Prepaid expenses and deposits	184,883	208,523
Land and fixed assets (net)	29,129,061	30,125,248
<b>Total assets</b>	<b>\$ 54,464,631</b>	<b>\$ 53,852,505</b>
<b>Liabilities and net assets:</b>		
<b>Liabilities</b>		
Accounts payable	248,173	529,105
Student prepayments and deposits	167,082	188,308
Accrued liabilities and other payables	615,324	517,257
Current portion of long-term debt	252,144	244,220
Assets held in trust for agencies	618,764	698,565
Deferred revenue	142,742	149,704
Long-term debt (net of current portion)	6,559,054	6,808,578
<b>Total liabilities</b>	<b>8,603,283</b>	<b>9,135,737</b>
<b>Net assets</b>		
Unrestricted	16,943,423	18,006,053
Temporarily restricted	7,493,463	6,408,539
Permanently restricted	21,424,462	20,302,176
<b>Total net assets</b>	<b>45,861,348</b>	<b>44,716,768</b>
<b>Total liabilities and net assets</b>	<b>\$ 54,464,631</b>	<b>\$ 53,852,505</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, 2018**  
**with comparative totals for the year ended May 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2018	Totals 2017
<b>Revenues, gains, and other support:</b>					
Student tuition, fees, room and board (net)	\$ 12,676,850	\$ -	\$ -	\$ 12,676,850	\$ 12,923,206
Bookstore revenue	530,799	-	-	530,799	579,893
Contributions and bequests	699,188	3,976,598	512,437	5,188,223	4,530,073
Dividends and interest	5,622	58,337	430,633	494,592	599,210
Gain (loss) on securities - net	(173)	4	1,466,862	1,466,693	212,019
Unrealized gain (loss) on securities	-	21	(407,021)	(407,000)	993,986
Other revenue	102,672	-	-	102,672	87,905
Transfers between funds	558,207	(71,539)	(486,668)	-	-
<b>Total revenues, gains, and other support</b>	<b>14,573,165</b>	<b>3,963,421</b>	<b>1,516,243</b>	<b>20,052,829</b>	<b>19,926,292</b>
Net assets released from restrictions					
Satisfaction of program restrictions	2,852,060	(2,458,103)	(393,957)	-	-
For capital asset expenditures	420,394	(420,394)	-	-	-
<b>Total net assets released from restrictions</b>	<b>3,272,454</b>	<b>(2,878,497)</b>	<b>(393,957)</b>	<b>-</b>	<b>-</b>
<b>Total revenues, gains, and other support</b>	<b>17,845,619</b>	<b>1,084,924</b>	<b>1,122,286</b>	<b>20,052,829</b>	<b>19,926,292</b>
<b>Cost of revenues:</b>					
Bookstore cost of revenue	(306,104)	-	-	(306,104)	(448,371)
Outsourcing cost of revenue	(936,461)	-	-	(936,461)	(932,485)
<b>Total cost of revenues</b>	<b>(1,242,565)</b>	<b>-</b>	<b>-</b>	<b>(1,242,565)</b>	<b>(1,380,856)</b>
<b>Gross margin</b>	<b>16,603,054</b>	<b>1,084,924</b>	<b>1,122,286</b>	<b>18,810,264</b>	<b>18,545,436</b>
<b>Expenses and losses:</b>					
<b>Program services:</b>					
Instruction	3,846,302	-	-	3,846,302	3,723,132
Library	298,878	-	-	298,878	289,748
Student services	402,760	-	-	402,760	282,605
Scholarships and student aid	3,260,107	-	-	3,260,107	3,116,006
Academy	1,571,105	-	-	1,571,105	1,390,089
Bookstore	206,945	-	-	206,945	203,989
Cafeteria	92,150	-	-	92,150	72,747
Housing	1,374,374	-	-	1,374,374	1,392,503
Advising	91,726	-	-	91,726	93,361
Athletics	833,782	-	-	833,782	725,791
<b>Total program services</b>	<b>11,978,129</b>	<b>-</b>	<b>-</b>	<b>11,978,129</b>	<b>11,289,971</b>
<b>Support services:</b>					
General administration	555,860	-	-	555,860	576,697
President & business office	846,046	-	-	846,046	904,616
Admissions and marketing	478,854	-	-	478,854	420,657
Financial aid	138,317	-	-	138,317	132,824
Institutional development	619,169	-	-	619,169	697,935
Alumni and public relations	228,192	-	-	228,192	290,204
Creative services	247,729	-	-	247,729	335,591
Computer services	673,205	-	-	673,205	641,482
Plant operations	1,900,183	-	-	1,900,183	1,659,483
<b>Total support services</b>	<b>5,687,555</b>	<b>-</b>	<b>-</b>	<b>5,687,555</b>	<b>5,659,489</b>
<b>Total expenses and losses</b>	<b>17,665,684</b>	<b>-</b>	<b>-</b>	<b>17,665,684</b>	<b>16,949,460</b>
<b>Total change in net assets</b>	<b>(1,062,630)</b>	<b>1,084,924</b>	<b>1,122,286</b>	<b>1,144,580</b>	<b>1,595,976</b>
<b>Net assets at beginning of year</b>	<b>18,006,053</b>	<b>6,408,539</b>	<b>20,302,176</b>	<b>44,716,768</b>	<b>43,120,792</b>
<b>Net assets at end of year</b>	<b>\$ 16,943,423</b>	<b>\$ 7,493,463</b>	<b>\$ 21,424,462</b>	<b>\$ 45,861,348</b>	<b>\$ 44,716,768</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, 2018 and 2017

	<b>Total 2018</b>	<b>Total 2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,144,580	\$ 1,595,976
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization and depreciation	1,355,731	1,321,700
(Increase) decrease in accounts receivable	16,043	(27,293)
(Increase) decrease in pledges receivable	4,762	1,477,477
(Increase) decrease in Perkins notes receivable	35,498	(13,060)
(Increase) decrease in inventories	(60,653)	(18,686)
(Increase) decrease in prepaid assets	23,640	18,012
Increase (decrease) in accounts payable, accrued liabilities and student deposits	(204,091)	168,190
Increase (decrease) in assets held in trust for others	(79,802)	(83,842)
Increase (decrease) in deferred revenues	(6,962)	(215,534)
(Gain)/loss on the disposal of fixed assets	161,312	6,111
(Gain)/loss on the sale of investments	(1,466,858)	(209,530)
Unrealized (gains)/losses on securities	407,000	(993,986)
Cash received - restricted for capital expenditures	(420,394)	(1,688,081)
<b>Net change in cash from operating activities</b>	<b>909,806</b>	<b>1,337,454</b>
<b>Cash flows from investing activities:</b>		
(Purchases) of capital assets	(520,855)	(1,774,926)
(Purchases) of investments	(14,069,279)	(1,339,368)
Proceeds from sale of investments	13,381,506	685,793
<b>Net change in cash from investing activities</b>	<b>(1,208,628)</b>	<b>(2,428,501)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for:		
Capital expenditures	420,394	1,688,081
Increase (decrease) in notes payable	(241,600)	(233,371)
<b>Net change in cash from financing activities</b>	<b>178,794</b>	<b>1,454,710</b>
<b>Net change in cash and cash equivalents</b>	<b>(120,028)</b>	<b>363,663</b>
Cash and cash equivalents at beginning of year	1,325,813	962,151
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,205,785</b>	<b>\$ 1,325,814</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, 2018 and 2017

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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 508 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, 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. 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, 2018 and 2017

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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 several accounts with cash balances at one financial institution. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The coverage limits in effect at May 31, 2018 and 2017 were \$250,000 per depositor, per insured bank, for each account ownership category. At May 31, 2018 and 2017, the College's bank balances exceeding the FDIC limit totaled \$1,223,460 and \$911,050, respectively.

The College also maintains several brokerage money market funds, which are not insured by the FDIC. At May 31, 2018 and 2017, the College's brokerage money market funds, excluding amounts classified as long-term investments, totaled \$61,828 and \$203,392, 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", 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, 2018 and 2017

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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, 2018 and 2017.

The carrying amounts of cash and cash equivalents, accounts receivable, unconditional promises to give (Pledges) to be received in less than one year, and prepaid expenses and deposits 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 deposits, 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, 2018 and 2017

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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, 2018 and 2017.

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, 2018 and 2017

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, 2018</u>	<u>May 31, 2017</u>
Current student receivables	\$ 409,035	404,571
Former student receivables	33,072	88,803
Other receivables	17,622	53,068
Total	\$ 459,729	\$ 546,442
Less Allowance for doubtful accounts	(226,035)	(296,705)
Net Accounts receivable	\$ 233,694	\$ 249,737

NOTE E -- NOTES RECEIVABLE

Notes receivable were comprised of the following:

	<u>May 31, 2018</u>	<u>May 31, 2017</u>
Perkins loans receivable, permanently restricted - student federal loan program	452,784	\$ 488,282

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, 2018</u>	<u>May 31, 2017</u>
Promises to give expected to be collected in:		
Less than one year	\$ 1,003,892	\$ 926,380
One to five years	698,108	794,842
Total	\$ 1,702,000	\$ 1,721,222
Less present value discount at 8%	(100,527)	(114,458)
Less allowance for uncollectible	(160,147)	(160,676)
Net Pledges receivable	\$ 1,441,326	\$ 1,446,088

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

NOTE G -- INVESTMENTS

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

<u>May 31, 2018</u>	Cost	Fair Market Value	Unrealized Gains (Losses)
Securities	\$ 20,744,350	\$ 21,492,284	\$ 747,934
Total Investments	\$ 20,744,350	\$ 21,492,284	\$ 747,934
<u>May 31, 2017</u>	Cost	Fair Market Value	Unrealized Gains (Losses)
Securities	\$ 18,589,722	\$ 19,744,653	\$ 1,154,931
Total Investments	\$ 18,589,722	\$ 19,744,653	\$ 1,154,931

NOTE H -- LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following:

	<u>May 31, 2018</u>	<u>May 31, 2017</u>
Land and improvements	\$ 2,683,668	\$ 2,554,499
Buildings and improvements	33,859,644	33,782,385
Equipment, vehicles, furniture & fixtures	5,047,490	5,058,941
Library books	1,968,225	1,938,906
Total fixed assets	\$ 43,559,027	\$ 43,334,731
Less: Accumulated depreciation	(14,429,966)	(13,209,483)
Land, buildings and equipment, net	\$ 29,129,061	\$ 30,125,248

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

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, 2018 and 2017:

	<u>May 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 1,205,785			\$ 1,205,785
Accounts receivable - net		233,694		233,694
Pledges receivable		1,441,326		1,441,326
Notes receivable			452,784	452,784
U.S. government securities, mutual fund investments, corporate stocks, equity investments, certificates and guaranteed insurance contracts	21,439,596	52,688		21,492,284
Prepaid expenses and deposits		184,883		184,883
Total financial asset fair values	<u>\$ 22,645,381</u>	<u>\$ 1,912,591</u>	<u>\$ 452,784</u>	<u>\$ 25,010,756</u>
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities		\$ 863,497		\$ 863,497
Deferred revenue and student prepayments	142,742	167,082		309,824
Notes payable	6,811,198			6,811,198
U.S. government loan funds		498,408		498,408
Other Agency funds	120,356			120,356
Total financial liabilities fair values	<u>\$ 7,074,296</u>	<u>\$ 1,528,987</u>	<u>\$ -</u>	<u>\$ 8,603,283</u>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

NOTE I -- FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>May 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 1,325,813	\$ -	\$ -	\$ 1,325,813
Accounts receivable - net	-	249,737	-	249,737
Pledges receivable	-	1,446,088	-	1,446,088
Notes receivable	-	-	488,282	488,282
U.S. government securities, mutual fund investments, corporate stocks, equity investments, certificates and guaranteed insurance contracts	18,695,808	1,048,845	-	19,744,653
Prepaid expenses and deposits	-	208,523	-	208,523
<b>Total financial asset fair values</b>	<b>\$ 20,021,621</b>	<b>\$ 2,953,193</b>	<b>\$ 488,282</b>	<b>\$ 23,463,096</b>
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 1,046,362	\$ -	\$ 1,046,362
Deferred revenue and student prepayments	149,704	188,308	-	338,012
Notes payable	7,052,798	-	-	7,052,798
U.S. government loan funds	-	576,814	-	576,814
Other Agency funds	121,751	-	-	121,751
<b>Total financial liabilities fair values</b>	<b>\$ 7,324,253</b>	<b>\$ 1,811,484</b>	<b>\$ -</b>	<b>\$ 9,135,737</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, 2018</u>	<u>May 31, 2017</u>
Charitable gift annuities	\$ 142,742	\$ 149,704
Prepaid tuition and fees	167,802	188,308
<b>Total Deferred revenue</b>	<b>\$ 310,544</b>	<b>\$ 338,012</b>

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

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, 2018 and 2017, the College had an outstanding balance on the note of \$0 and \$0, respectively.

NOTE L -- LONG-TERM DEBT

	<u>May 31, 2018</u>	<u>May 31, 2017</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, 2018 and 2017, 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, currently \$36,453. The loan is secured by certain real estate and buildings owned by the College.	\$ 6,588,800	\$ 6,803,240
 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.	 222,398	 249,558
<b>Totals</b>	<b>\$ 6,811,198</b>	<b>\$ 7,052,798</b>

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

Years ending May 31:

2019	\$	252,144	
2020		261,413	
2021		271,125	
2022		280,602	
2023		290,417	
Thereafter		5,455,497	
		\$ 6,811,198	

NOTE M -- INTEREST EXPENSE

Interest expense for the years ended May 31, 2018 and 2017 totaled \$239,968 and \$252,257, respectively.



FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

NOTE N -- RESTRICTIONS ON NET ASSETS

Net assets released from restrictions were comprised of the following:

	<u>May 31, 2018</u>	<u>May 31, 2017</u>
Instructional support	\$ 237,126	\$ 173,534
Scholarships provided	1,944,558	1,839,541
Academy	35,455	40,927
Athletics	62,330	26,039
Other program services	6,080	1,289
Fundraising	312,119	457,221
Other Support services	254,392	101,711
Capital assets	420,394	1,688,081
Total use of restricted funds released	<u>\$ 3,272,454</u>	<u>\$ 4,328,343</u>

Temporarily restricted net assets are available for the following purposes:

Earmarked funds	\$ 2,559,645	\$ 2,697,046
Adopt-a-Student Program	126,740	108,957
Board discretionary funds	1,024,524	1,024,524
Temporary scholarships	956,436	941,988
Capital Campaign	2,826,118	1,636,024
Total temporarily restricted net assets	<u>\$ 7,493,463</u>	<u>\$ 6,408,539</u>

Permanently restricted net assets are available for the following purposes:

Boswell endowment fund FBO general fund	\$ 9,952,748	\$ 9,654,754
Permanently endowed scholarship funds	9,323,121	8,607,411
Other permanently endowed funds	2,148,593	2,040,011
Total permanently restricted net assets	<u>\$ 21,424,462</u>	<u>\$ 20,302,176</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.

In March 2015, the College executed a new 15 year real property lease for a total annual lease of \$60,000, payable in monthly installments of \$5,000. The lease includes 2 options to extend the lease for 5 years each.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

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NOTE P -- OPERATING LEASES

During the year ended May 31, 2018, the College had eight operating lease agreements for office equipment, computer equipment, and software with total monthly lease payments ranging from \$460 to \$4,566, and terms ending on various dates from August 2016 to December 2022. Lease payments for the years ended May 31, 2018 and 2017 were \$156,552 and \$172,024, respectively.

Future commitments under the operating lease agreements are estimated as follows:

Years ending May 31:	2019	\$	239,416
	2020		224,175
	2021		160,555
	2022		138,990
	Thereafter		188,006
		\$	<u>951,142</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, 2018 and 2017, 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, 2018 and 2017 was \$0 and \$0, respectively.

FLORIDA COLLEGE, INC.  
Notes to the Financial Statements  
May 31, 2018 and 2017

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NOTE S -- SUPPLEMENTARY INFORMATION

The College has provided, as supplementary information, statements of financial position as of May 31, 2018 and 2017, statements of activities by type of net asset for the periods ended May 31, 2018 and 2017, and statements of cash flows by type of net asset for the periods ended May 31, 2018 and 2017. 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 \$6,046,027 as of May 31, 2018 and \$5,458,892 as of May 31, 2017 would have been eliminated. Had the eliminations been reflected on the statements of cash flows, both the increase in interfund receivables and payables of \$587,135 for the year ended May 31, 2018, and the increase in interfund receivables and payables of \$266,577 for the year ended May 31, 2017 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, include 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, 2017, from which the summarized information was derived. See page 22 for the 2017 statement of activities with the net asset class detail.

NOTE U -- EVALUATION OF SUBSEQUENT EVENTS

The College has evaluated subsequent events through February 26, 2019, the date which the financial statements were available to be issued and found no events or transactions which require modifications to the financial statements.

## **Supplementary Information**

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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, 2018 and 2017, and have issued our report thereon dated February 26, 2019, 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.

*Alan K. Geer, P.A.*

Tampa, Florida

February 26, 2019

**FLORIDA COLLEGE, INC.**  
**Statement of Financial Position**  
**Disaggregated with Interfund Activity**  
**as of May 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,079,131	\$ -	\$ 126,654	\$ 1,205,785
Accounts receivable	459,729	-	-	459,729
Less: allowance for bad debts	(226,035)	-	-	(226,035)
Pledges receivable	-	1,441,326.00	-	1,441,326
Notes receivable	-	-	452,784.00	452,784
Inventories	324,814	-	-	324,814
Investments: Securities	-	3,471,215.00	18,021,069.00	21,492,284
Prepaid expenses and deposits	184,883	-	-	184,883
Due from other funds	-	2,723,664.00	3,322,363.00	6,046,027
Land and fixed assets	43,559,027	-	-	43,559,027
Less: accumulated depreciation	(14,429,966)	-	-	(14,429,966)
<b>Total assets</b>	<b>\$ 30,951,583</b>	<b>\$ 7,636,205</b>	<b>\$ 21,922,870</b>	<b>\$ 60,510,658</b>
<b>Liabilities and net assets:</b>				
<b>Liabilities</b>				
Accounts payable	248,173	-	-	248,173
Student prepayments and deposits	167,082	-	-	167,082
Accrued liabilities and other payables	615,324	-	-	615,324
Current portion of long-term debt	252,144	-	-	252,144
Assets held in trust for agencies	120,356	-	\$ 498,408	618,764
Deferred revenue	-	\$ 142,742	-	142,742
Due to other funds	6,046,027	-	-	6,046,027
Long-term debt (net of current portion)	6,559,054	-	-	6,559,054
<b>Total liabilities</b>	<b>14,008,160</b>	<b>142,742</b>	<b>498,408</b>	<b>14,649,310</b>
<b>Net assets</b>				
Unrestricted	16,943,423			16,943,423
Temporarily restricted		\$ 7,493,463		7,493,463
Permanently restricted			\$ 21,424,462	21,424,462
<b>Total net assets</b>	<b>16,943,423</b>	<b>7,493,463</b>	<b>21,424,462</b>	<b>45,861,348</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,951,583</b>	<b>\$ 7,636,205</b>	<b>\$ 21,922,870</b>	<b>\$ 60,510,658</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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,026,495	\$ -	\$ 299,318	\$ 1,325,813
Accounts receivable	546,442	-	-	546,442
Less: allowance for bad debts	(296,705)	-	-	(296,705)
Pledges receivable	-	1,446,088	-	1,446,088
Notes receivable	-	-	488,282	488,282
Inventories	264,161	-	-	264,161
Investments: Securities	-	3,444,828	16,299,825	19,744,653
Prepaid expenses and deposits	208,523	-	-	208,523
Due from other funds	-	1,667,327	3,791,565	5,458,892
Land and fixed assets	43,334,731	-	-	43,334,731
Less: accumulated depreciation	(13,209,483)	-	-	(13,209,483)
<b>Total assets</b>	<b>\$ 31,874,164</b>	<b>\$ 6,558,243</b>	<b>\$ 20,878,990</b>	<b>\$ 59,311,397</b>
<b>Liabilities and net assets:</b>				
<b>Liabilities</b>				
Accounts payable	529,105	-	-	529,105
Student prepayments and deposits	188,308	-	-	188,308
Accrued liabilities and other payables	517,257	-	-	517,257
Current portion of long-term debt	244,220	-	-	244,220
Assets held in trust for agencies	121,751	-	576,814	698,565
Deferred revenue	-	149,704	-	149,704
Due to other funds	5,458,892	-	-	5,458,892
Long-term debt (net of current portion)	6,808,578	-	-	6,808,578
<b>Total liabilities</b>	<b>13,868,111</b>	<b>149,704</b>	<b>576,814</b>	<b>14,594,629</b>
<b>Net assets</b>				
Unrestricted	18,006,053			18,006,053
Temporarily restricted		6,408,539		6,408,539
Permanently restricted			20,302,176	20,302,176
<b>Total net assets</b>	<b>18,006,053</b>	<b>6,408,539</b>	<b>20,302,176</b>	<b>44,716,768</b>
<b>Total liabilities and net assets</b>	<b>\$ 31,874,164</b>	<b>\$ 6,558,243</b>	<b>\$ 20,878,990</b>	<b>\$ 59,311,397</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, 2018.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2018
<b>Revenues, gains, and other support:</b>				
Student tuition and fees	\$ 9,934,985	\$ -	\$ -	\$ 9,934,985
Residence hall rental revenue	1,652,164	-	-	1,652,164
Dining revenue	1,372,912	-	-	1,372,912
Less: discounts on tuition/room/board	(283,211)	-	-	(283,211)
Bookstore revenue	530,799	-	-	530,799
Contributions and bequests	699,188	3,976,598	512,437	5,188,223
Dividends and interest	5,622	58,337	430,633	494,592
Gain (loss) on securities - net	(173)	4	1,466,862	1,466,693
Unrealized gain (loss) on securities	-	21	(407,021)	(407,000)
Other revenue	102,672	-	-	102,672
Transfers between funds	558,207	(71,539)	(486,668)	-
<b>Total revenues, gains, and other support</b>	<b>14,573,165</b>	<b>3,963,421</b>	<b>1,516,243</b>	<b>20,052,829</b>
Net assets released from restrictions				
for capital asset expenditures	420,394	(420,394)	-	-
Total net assets released from restrictions	420,394	(420,394)	-	-
<b>Total revenues, gains, and other support</b>	<b>14,993,559</b>	<b>3,543,027</b>	<b>1,516,243</b>	<b>20,052,829</b>
<b>Cost of revenues:</b>				
Bookstore cost of revenue	306,104	-	-	306,104
Outsourcing cost of revenue	936,461	-	-	936,461
<b>Total cost of revenues</b>	<b>1,242,565</b>	<b>-</b>	<b>-</b>	<b>1,242,565</b>
<b>Gross margin</b>	<b>13,750,994</b>	<b>3,543,027</b>	<b>1,516,243</b>	<b>18,810,264</b>
<b>Expenses and losses:</b>				
<b>Program services:</b>				
Instruction	3,609,176	237,126	-	3,846,302
Library	294,421	4,457	-	298,878
Student services	402,231	529	-	402,760
Scholarships and student aid	1,315,549	1,587,596	356,962	3,260,107
Academy	1,535,650	34,455	1,000	1,571,105
Bookstore	206,945	-	-	206,945
Cafeteria	92,150	-	-	92,150
Housing	1,374,374	-	-	1,374,374
Advising	90,632	1,094	-	91,726
Athletics	771,452	62,330	-	833,782
<b>Total program services</b>	<b>9,692,580</b>	<b>1,927,587</b>	<b>357,962</b>	<b>11,978,129</b>
<b>Support services:</b>				
General administration	428,902	113,754	13,204	555,860
President & business office	801,991	44,055	-	846,046
Admissions and marketing	444,078	34,776	-	478,854
Financial aid	138,317	-	-	138,317
Institutional development	307,050	312,119	-	619,169
Alumni and public relations	202,380	25,812	-	228,192
Creative services	247,729	-	-	247,729
Computer services	673,205	-	-	673,205
Plant operations	1,877,392	-	22,791	1,900,183
<b>Total support services</b>	<b>5,121,044</b>	<b>530,516</b>	<b>35,995</b>	<b>5,687,555</b>
<b>Total expenses and losses</b>	<b>14,813,624</b>	<b>2,458,103</b>	<b>393,957</b>	<b>17,665,684</b>
<b>Total change in net assets</b>	<b>(1,062,630)</b>	<b>1,084,924</b>	<b>1,122,286</b>	<b>1,144,580</b>
<b>Net assets at beginning of year</b>	<b>18,006,053</b>	<b>6,408,539</b>	<b>20,302,176</b>	<b>44,716,768</b>
<b>Net assets at end of year</b>	<b>\$ 16,943,423</b>	<b>\$ 7,493,463</b>	<b>\$ 21,424,462</b>	<b>\$ 45,861,348</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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017
<b>Revenues, gains, and other support:</b>				
Student tuition and fees	\$ 10,046,689	\$ -	\$ -	\$ 10,046,689
Residence hall rental revenue	1,696,319	-	-	1,696,319
Dining revenue	1,382,532	-	-	1,382,532
Less: discounts on tuition/room/board	(202,334)	-	-	(202,334)
Bookstore revenue	579,893	-	-	579,893
Contributions and bequests	518,056	3,065,849	946,168	4,530,073
Dividends and interest	5,181	22,772	571,257	599,210
Gain (loss) on securities - net	2,489	(1,035)	210,565	212,019
Unrealized gain (loss) on securities	-	3,901	990,085	993,986
Other revenue	87,905	-	-	87,905
Transfers between funds	652,941	(167,315)	(485,626)	-
<b>Total revenues, gains, and other support</b>	<b>14,769,671</b>	<b>2,924,172</b>	<b>2,232,449</b>	<b>19,926,292</b>
Net assets released from restrictions for capital asset expenditures	1,688,081	(1,688,081)	-	-
Total net assets released from restrictions	1,688,081	(1,688,081)	-	-
<b>Total revenues, gains, and other support</b>	<b>16,457,752</b>	<b>1,236,091</b>	<b>2,232,449</b>	<b>19,926,292</b>
<b>Cost of revenues:</b>				
Bookstore cost of revenue	448,371	-	-	448,371
Outsourcing cost of revenue	932,485	-	-	932,485
<b>Total cost of revenues</b>	<b>1,380,856</b>	<b>-</b>	<b>-</b>	<b>1,380,856</b>
<b>Gross margin</b>	<b>15,076,896</b>	<b>1,236,091</b>	<b>2,232,449</b>	<b>18,545,436</b>
<b>Expenses and losses:</b>				
<b>Program services:</b>				
Instruction	3,549,598	173,534	-	3,723,132
Library	289,748	-	-	289,748
Student services	282,605	-	-	282,605
Scholarships and student aid	1,276,465	1,460,509	379,032	3,116,006
Academy	1,349,162	39,599	1,328	1,390,089
Bookstore	203,989	-	-	203,989
Cafeteria	72,747	-	-	72,747
Housing	1,392,503	-	-	1,392,503
Advising	92,072	1,289	-	93,361
Athletics	699,752	26,039	-	725,791
<b>Total program services</b>	<b>9,208,641</b>	<b>1,700,970</b>	<b>380,360</b>	<b>11,289,971</b>
<b>Support services:</b>				
General administration	503,991	57,150	15,556	576,697
President & business office	891,576	13,040	-	904,616
Admissions and marketing	419,307	1,350	-	420,657
Financial aid	132,824	-	-	132,824
Institutional development	240,714	457,221	-	697,935
Alumni and public relations	278,917	11,287	-	290,204
Creative services	335,591	-	-	335,591
Computer services	638,154	3,328	-	641,482
Plant operations	1,659,483	-	-	1,659,483
<b>Total support services</b>	<b>5,100,557</b>	<b>543,376</b>	<b>15,556</b>	<b>5,659,489</b>
<b>Total expenses and losses</b>	<b>14,309,198</b>	<b>2,244,346</b>	<b>395,916</b>	<b>16,949,460</b>
<b>Total change in net assets</b>	<b>767,698</b>	<b>(1,008,255)</b>	<b>1,836,533</b>	<b>1,595,976</b>
<b>Net assets at beginning of year</b>	<b>17,238,355</b>	<b>7,416,794</b>	<b>18,465,643</b>	<b>43,120,792</b>
<b>Net assets at end of year</b>	<b>\$ 18,006,053</b>	<b>\$ 6,408,539</b>	<b>\$ 20,302,176</b>	<b>\$ 44,716,768</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, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018
<b>Cash flows from operating activities:</b>				
Change in net assets	\$ (1,062,630)	\$ 1,084,924	\$ 1,122,286	\$ 1,144,580
Adjustments to reconcile change in net assets to net cash used by operating activities:				
Amortization and depreciation	1,355,731	-	-	1,355,731
(Increase) decrease in accounts receivable	16,043	-	-	16,043
(Increase) decrease in pledges receivable	-	4,762	-	4,762
(Increase) decrease in Perkins notes receivable	-	-	35,498	35,498
(Increase) decrease in inventories	(60,653)	-	-	(60,653)
(Increase) decrease in prepaid assets	23,640	-	-	23,640
(Increase) decrease in interfund receivables	-	(1,056,337)	469,202	(587,135)
Increase (decrease) in accounts payable, accrued liabilities and student deposits	(204,091)	-	-	(204,091)
Increase (decrease) in assets held in trust for others	(1,396)	-	(78,406)	(79,802)
Increase (decrease) in deferred revenues	-	(6,962)	-	(6,962)
Increase (decrease) in interfund payables	587,135	-	-	587,135
(Gain)/loss on the disposal of fixed assets	161,312	-	-	161,312
(Gain)/loss on the sale of investments	-	4	(1,466,862)	(1,466,858)
Unrealized (gains)/losses on securities	-	(21)	407,021	407,000
Cash received - restricted for capital expenditures	-	(420,394)	-	(420,394)
<b>Net change in cash from operating activities</b>	<b>815,091</b>	<b>(394,024)</b>	<b>488,739</b>	<b>909,806</b>
<b>Cash flows from investing activities:</b>				
(Purchases) of capital assets	(520,855)	-	-	(520,855)
(Purchases) of investments	-	(39,650)	(14,029,629)	(14,069,279)
Proceeds from sale of investments	-	13,280	13,368,226	13,381,506
<b>Net change in cash from investing activities</b>	<b>(520,855)</b>	<b>(26,370)</b>	<b>(661,403)</b>	<b>(1,208,628)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from contributions restricted for:				
Capital expenditures	-	420,394	-	420,394
Increase (decrease) in notes payable	(241,600)	-	-	(241,600)
<b>Net change in cash from financing activities</b>	<b>(241,600)</b>	<b>420,394</b>	<b>-</b>	<b>178,794</b>
<b>Net change in cash and cash equivalents</b>	<b>52,636</b>	<b>-</b>	<b>(172,664)</b>	<b>(120,028)</b>
Cash and cash equivalents at beginning of year	1,026,495	-	299,318	1,325,813
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,079,131</b>	<b>\$ -</b>	<b>\$ 126,654</b>	<b>\$ 1,205,785</b>

See independent auditor's 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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
<b>Cash flows from operating activities:</b>				
Change in net assets	\$ 767,698	\$ (1,008,255)	\$ 1,836,533	\$ 1,595,976
Adjustments to reconcile change in net assets to net cash used by operating activities:				
Amortization and depreciation	1,321,700	-	-	1,321,700
(Increase) decrease in accounts receivable	(27,293)	-	-	(27,293)
(Increase) decrease in pledges receivable	-	1,477,477	-	1,477,477
(Increase) decrease in Perkins notes receivable	-	-	(13,060)	(13,060)
(Increase) decrease in inventories	(18,686)	-	-	(18,686)
(Increase) decrease in prepaid assets	18,012	-	-	18,012
(Increase) decrease in interfund receivables	-	387,953	(654,530)	(266,577)
Increase (decrease) in accounts payable, accrued liabilities and student deposits	168,190	-	-	168,190
Increase (decrease) in assets held in trust for others	(86,093)	-	2,251	(83,842)
Increase (decrease) in deferred revenues	-	(215,534)	-	(215,534)
Increase (decrease) in interfund payables	266,577	-	-	266,577
(Gain)/loss on the disposal of fixed assets	6,111	-	-	6,111
(Gain)/loss on the sale of investments	-	1,035	(210,565)	(209,530)
Unrealized (gains)/losses on securities	-	(3,901)	(990,085)	(993,986)
Cash received - restricted for capital expenditures	-	(1,688,081)	-	(1,688,081)
<b>Net change in cash from operating activities</b>	<b>2,416,216</b>	<b>(1,049,306)</b>	<b>(29,456)</b>	<b>1,337,454</b>
<b>Cash flows from investing activities:</b>				
(Purchases) of capital assets	(1,774,926)	-	-	(1,774,926)
(Purchases) of investments	-	(853,274)	(486,095)	(1,339,369)
Proceeds from sale of investments	-	214,499	471,294	685,793
<b>Net change in cash from investing activities</b>	<b>(1,774,926)</b>	<b>(638,775)</b>	<b>(14,801)</b>	<b>(2,428,502)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from contributions restricted for:				
Capital expenditures	-	1,688,081	-	1,688,081
Increase (decrease) in notes payable	(233,371)	-	-	(233,371)
<b>Net change in cash from financing activities</b>	<b>(233,371)</b>	<b>1,688,081</b>	<b>-</b>	<b>1,454,710</b>
<b>Net change in cash and cash equivalents</b>	<b>407,919</b>	<b>0</b>	<b>(44,257)</b>	<b>363,662</b>
Cash and cash equivalents at beginning of year	618,576	-	343,575	962,151
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,026,495</b>	<b>\$ 0</b>	<b>\$ 299,318</b>	<b>\$ 1,325,813</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, 2018**

**DEPARTMENT OF EDUCATION**

**Federal Awards**

<u>Grants and Scholarships</u>	<u>CFDA Number</u>	<u>Expenditure</u>
Pell Grant	84.063	\$ 719,977
Federal Supplemental Educational Opportunity Grant	84.007	18,753
Federal Work Study	84.033	<u>19,331</u>
Total Direct Federal Awards:		\$ 758,061

<u>Student Loans:</u>	<u>CFDA Number</u>	<u>Dollar Amount</u>
Perkins Loans	84.038	\$ 53,000
Federal Direct Loans	84.268	1,929,689
Federal Direct Plus Loans	84.268	<u>1,413,478</u>
Total Student Loans:		\$ 3,396,167

Total Federal Awards and Student Loans	<u><u>\$ 4,154,228</u></u>
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**State Awards**

	<u>CSFA Number</u>	<u>Dollar Amount</u>
Bright Futures	48.059	\$ 195,916
FRAG	48.064	570,900
FSAG	48.054	<u>94,091</u>
Total State Awards		<u><u>\$ 860,907</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, 2018

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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, 2018 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.

The College has chosen to not use the optional 10% de-minimus cost rate for program cost reimbursement. In fact, the college uses the standard 5% administration cost allowance for limited portions of the federal awards.

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, 2018 and 2017, 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 February 26, 2019.

**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 27, 2019.

### **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 26, 2019

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, 2018. 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, 2018.

### **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.



Tampa, Florida

February 26, 2019



**FLORIDA COLLEGE, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects (continued)**  
**Year Ended May 31, 2018**

**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, 2018**

**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 2017 and Ending Spring 2018

2017 - 2018 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	\$ 141,554	20	\$ 74,575	53%	10	50%	-	0%	-	0%
Bright Futures - Medallion	\$ 54,362	25	\$ 21,175	39%	10	40%	-	0%	-	0%
Bright Futures - Top Scholar	\$ -	0	\$ -				-	0%	-	0%
Florida Resident Access Grant (FRAG)	\$ 570,900	192	\$ 153,450	27%	48	25%	-	0%	-	0%
Florida Student Assistance Grant (FSAG)	\$ 94,091	70	\$ 29,710	32%	18	26%	-	0%	-	0%

**FLORIDA COLLEGE, INC.**  
**May 31, 2018**

**Schedule of Prior Audit Findings**

There were no findings reported last year for the year ending May 31, 2017.