

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**



**For the Years Ended June 30, 2019 and 2018**

**CARROLL and COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS**

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**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Florida College System Foundation, Inc.  
Tallahassee, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Florida College System Foundation, Inc. (a non-profit organization) (the Foundation) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

To the Board of Directors  
The Florida College System Foundation, Inc.  
Page Two

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 The Florida College System Foundation, Inc. as of June 30, 2019 and 2018, 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***

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of financial position by fund, activities by fund, and benefits to the college foundations on pages 22 – 26 are presented for purposes of additional analysis and are 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 audits 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 a report dated March 17, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Carroll and Company*

March 17, 2020

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2019 and 2018**

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**2019**

**ASSETS**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 41,852	\$ 2,302,547	\$ 2,344,399
Accounts receivable, net	2,875	27,431	30,306
Grants receivable	-0-	300,067	300,067
Investments	<u>-0-</u>	<u>5,780,216</u>	<u>5,780,216</u>
TOTAL CURRENT ASSETS	<u>44,727</u>	<u>8,410,261</u>	<u>8,454,988</u>
<b>NONCURRENT ASSETS</b>			
Cash and cash equivalents restricted for endowment purposes	-0-	2,230	2,230
Investments restricted for endowment purposes	-0-	16,000,000	16,000,000
Equipment, net	<u>1,341</u>	<u>10,371</u>	<u>11,712</u>
TOTAL NONCURRENT ASSETS	<u>1,341</u>	<u>16,012,601</u>	<u>16,013,942</u>
TOTAL ASSETS	<u>\$ 46,068</u>	<u>\$24,422,862</u>	<u>\$24,468,930</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>			
Accounts payable	\$ 2,255	\$ 21,414	\$ 23,669
Refundable advance	<u>-0-</u>	<u>25,000</u>	<u>25,000</u>
TOTAL LIABILITIES	<u>2,255</u>	<u>46,414</u>	<u>48,669</u>
NET ASSETS	<u>43,813</u>	<u>24,376,448</u>	<u>24,420,261</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,068</u>	<u>\$24,422,862</u>	<u>\$24,468,930</u>

See accompanying notes.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**June 30, 2019 and 2018**

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**2018**

***ASSETS***

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 21,363	\$ 1,931,551	\$ 1,952,914
Accounts receivable, net	25,000	-0-	25,000
Grants receivable	-0-	667,034	667,034
Investments	<u>-0-</u>	<u>5,781,985</u>	<u>5,781,985</u>
TOTAL CURRENT ASSETS	<u>46,363</u>	<u>8,380,570</u>	<u>8,426,933</u>
<b>NONCURRENT ASSETS</b>			
Cash and cash equivalents restricted for endowment purposes	-0-	2,230	2,230
Investments restricted for endowment purposes	-0-	16,000,000	16,000,000
Equipment, net	<u>1,595</u>	<u>1,540</u>	<u>3,135</u>
TOTAL NONCURRENT ASSETS	<u>1,595</u>	<u>16,003,770</u>	<u>16,005,365</u>
TOTAL ASSETS	<u>\$ 47,958</u>	<u>\$24,384,340</u>	<u>\$24,432,298</u>

***LIABILITIES AND NET ASSETS***

<b>LIABILITIES</b>			
Accounts payable	\$ 2,358	\$ -0-	\$ 2,358
Refundable advance	<u>-0-</u>	<u>85,000</u>	<u>85,000</u>
TOTAL LIABILITIES	<u>2,358</u>	<u>85,000</u>	<u>87,358</u>
NET ASSETS	<u>45,600</u>	<u>24,299,340</u>	<u>24,344,940</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 47,958</u>	<u>\$24,384,340</u>	<u>\$24,432,298</u>

See accompanying notes.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2019 and 2018**

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**2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ -0-	\$ 281,931	\$ 281,931
In-kind contributions	152,255	27,193	179,448
Contributions	84,556	3,215	87,771
Seminar registration	17,807	-0-	17,807
Other income	1,617	46	1,663
Investment return, net	(373)	1,310,352	1,309,979
Net assets released from restrictions	<u>1,545,629</u>	<u>(1,545,629)</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,801,491</u>	<u>77,108</u>	<u>1,878,599</u>
<b>OPERATING EXPENSES</b>			
Program services:			
Helios First Generation			
Scholars program	483,329	-0-	483,329
Florida Blue Scholarship Program	395,379	-0-	395,379
Dream Makers program	153,469	-0-	153,469
Other programs	474,672	-0-	474,672
Supporting services:			
Management and general	<u>296,429</u>	<u>-0-</u>	<u>296,429</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,803,278</u>	<u>-0-</u>	<u>1,803,278</u>
<b>CHANGE IN NET ASSETS</b>	(1,787)	77,108	75,321
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>45,600</u>	<u>24,299,340</u>	<u>24,344,940</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 43,813</u>	<u>\$24,376,448</u>	<u>\$24,420,261</u>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**For the Years Ended June 30, 2019 and 2018**

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**2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 50,000	\$ 1,100,000	\$ 1,150,000
In-kind contributions	141,042	825	141,867
Contributions	87,750	500	88,250
Other income	27,873	431	28,304
Seminar registration	22,254	-0-	22,254
Investment return, net	138	2,504,748	2,504,886
Net assets released from restrictions	<u>1,299,287</u>	<u>(1,299,287)</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,628,344</u>	<u>2,307,217</u>	<u>3,935,561</u>
<b>OPERATING EXPENSES</b>			
Program services:			
Helios First Generation			
Scholars program	483,617	-0-	483,617
Florida Blue Scholarship Program	376,132	-0-	376,132
Dream Makers program	145,360	-0-	145,360
Other programs	270,512	-0-	270,512
Supporting services:			
Management and general	<u>324,337</u>	<u>-0-</u>	<u>324,337</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,599,958</u>	<u>-0-</u>	<u>1,599,958</u>
<b>CHANGE IN NET ASSETS</b>	28,386	2,307,217	2,335,603
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>17,214</u>	<u>21,992,123</u>	<u>22,009,337</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 45,600</u>	<u>\$24,299,340</u>	<u>\$24,344,940</u>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2019 and 2018**

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**2019**

	Program Services				Supporting Services		<b><u>Total</u></b>
	<b><u>Helios First Generation Scholars Program</u></b>	<b><u>Florida Blue Scholarship Program</u></b>	<b><u>Dream Makers Program</u></b>	<b><u>Other Programs</u></b>	<b><u>Management &amp; General</u></b>		
Awards and recognition	\$ 483,329	\$ 395,379	\$ 153,469	\$ 208,917	\$ 33,498		\$ 1,274,592
In-kind	-0-	-0-	-0-	27,193	152,255		179,448
Payroll	-0-	-0-	-0-	75,823	-0-		75,823
Meetings and conferences	-0-	-0-	-0-	22,052	45,939		67,991
Consulting	-0-	-0-	-0-	39,240	2,105		41,345
Travel	-0-	-0-	-0-	30,486	10,695		41,181
Office expenses	-0-	-0-	-0-	22,434	14,763		37,197
Project and workgroups	-0-	-0-	-0-	32,161	-0-		32,161
Accounting and legal	-0-	-0-	-0-	-0-	22,147		22,147
Miscellaneous	-0-	-0-	-0-	6,545	5,170		11,715
Advertising	-0-	-0-	-0-	6,773	497		7,270
Communications	-0-	-0-	-0-	3,048	3,940		6,988
Seminars	-0-	-0-	-0-	-0-	3,903		3,903
Depreciation	-0-	-0-	-0-	-0-	1,517		1,517
	<b><u>\$ 483,329</u></b>	<b><u>\$ 395,379</u></b>	<b><u>\$ 153,469</u></b>	<b><u>\$ 474,672</u></b>	<b><u>\$ 296,429</u></b>		<b><u>\$ 1,803,278</u></b>

See accompanying notes.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**  
For the Years Ended June 30, 2019 and 2018

**2018**

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Helios First Generation Scholars Program</u>	<u>Florida Blue Scholarship Program</u>	<u>Dream Makers Program</u>	<u>Other Programs</u>	<u>Management &amp; General</u>	<u>Total</u>
Awards and recognition	\$ 483,617	\$ 376,132	\$ 145,360	\$ 31,800	\$ 60,466	\$ 1,097,375
In-kind	-0-	-0-	-0-	-0-	141,042	141,042
Meetings and conferences	-0-	-0-	-0-	90,759	40,802	131,561
Consulting	-0-	-0-	-0-	61,870	6,200	68,070
Communications	-0-	-0-	-0-	46,531	3,134	49,665
Travel	-0-	-0-	-0-	22,904	14,920	37,824
Office expenses	-0-	-0-	-0-	15,449	8,499	23,948
Accounting and legal	-0-	-0-	-0-	-0-	17,599	17,599
Meals and entertainment	-0-	-0-	-0-	-0-	15,926	15,926
Advertising	-0-	-0-	-0-	1,194	5,138	6,332
Seminars	-0-	-0-	-0-	-0-	5,358	5,358
Miscellaneous	-0-	-0-	-0-	5	4,593	4,598
Depreciation	-0-	-0-	-0-	-0-	660	660
	<u>\$ 483,617</u>	<u>\$ 376,132</u>	<u>\$ 145,360</u>	<u>\$ 270,512</u>	<u>\$ 324,337</u>	<u>\$ 1,599,958</u>

See accompanying notes.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 75,321	\$ 2,335,603
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,517	660
Uncollectible accounts and grants receivable	-0-	(25,000)
Net realized and unrealized gains on investments	(882,744)	(2,125,962)
(Increase) decrease in:		
Accounts receivable, net	(5,306)	10,000
Grants receivable	366,967	(667,034)
Increase (decrease) in:		
Accounts payable	21,311	2,358
Due to beneficiaries under agency transactions	-0-	(30,426)
Refundable advance	<u>(60,000)</u>	<u>85,000</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(482,934)</u>	<u>(414,801)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(10,094)	(1,540)
Purchase of investments	(3,964,868)	(3,103,860)
Proceeds from sale of investments	<u>4,849,381</u>	<u>4,001,527</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>874,419</u>	<u>896,127</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	391,485	481,326
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,952,914</u>	<u>1,471,588</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,344,399</u>	<u>\$ 1,952,914</u>

See accompanying notes.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

***Nature of the Organization***

The Florida College System Foundation, Inc. (the Foundation) is a direct-support organization operated exclusively for charitable, cultural, scientific, and educational purposes. The mission of the Foundation is to secure and manage public and private resources to provide optimal benefit to Florida's 28 colleges, thereby supporting students who are seeking a higher education that will positively impact their lives and the future of their communities. In accordance with Florida Statute 1004.71, the State Board of Education permits the use of property, equipment, and personal services of the Division of Florida Colleges to assist in the operation of the Foundation.

***Basis of Accounting***

The Foundation's books are maintained on the accrual basis of accounting.

***Basis of Presentation***

In accordance with accounting principles generally accepted in the United States of America, the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

***Cash Equivalents***

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Investments***

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

***Property and Equipment***

Property and equipment are carried at historical cost. The Foundation capitalizes property and equipment having a useful life of more than one year and a cost of at least \$1,000. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life.

***Income Taxes***

The Foundation is a not-for-profit tax-exempt organization under Internal Revenue Code Section 501(c)(3), and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Foundation is exempt from income taxes, except on net income derived from unrelated business activities. Accordingly, there is no provision for income taxes in these financial statements.

***Restricted and Unrestricted Support and Revenue***

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

***In-kind Contributions***

In-kind contributions include donations of services and office space and are recorded as revenue and a corresponding expenditure. Services donated by other organizations are valued at the employees' regular rates of pay.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Advertising***

The Foundation expenses advertising costs as incurred. Advertising expense totaled \$7,270 and \$6,332 for the years ended June 30, 2019 and 2018, respectively.

***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct expenses related to the programs and activities.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

***Reclassifications***

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

**NOTE B – INVESTMENTS**

Investments consist of highly diversified portfolios that include equities, bonds, and money market funds administered by Capital City Trust Company and RBC Wealth Management. These investments are carried at fair value and consist of the following as of June 30, 2019 and 2018:

Description	2019			2018		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Equities and mutual funds	\$ 9,350,713	\$15,940,769	\$ 6,590,056	\$ 9,841,221	\$16,112,987	\$ 6,271,766
Government and corporate bonds	5,872,518	5,839,447	(33,071)	5,915,425	5,668,998	(246,427)
<b>TOTAL</b>	<b>\$15,223,231</b>	<b>\$21,780,216</b>	<b>\$ 6,556,985</b>	<b>\$15,756,646</b>	<b>\$21,781,985</b>	<b>\$ 6,025,339</b>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

**NOTE B – INVESTMENTS** *(Continued)*

Total investment return for the years ended June 30, 2019 and 2018 consists of the following:

	2019	2018
Investment income, net	\$ 427,235	\$ 378,924
Net realized gains on sale of investments	422,982	732,661
Net unrealized gains on investments	459,762	1,393,301
	<b>\$ 1,309,979</b>	<b>\$ 2,504,886</b>

For the years ended June 30, 2019 and 2018, investment expenses in the amount of \$173,724 and \$167,220, respectively, are netted against investment income.

**NOTE C – FAIR VALUE MEASUREMENTS**

The Foundation follows the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

**NOTE C – FAIR VALUE MEASUREMENTS** (Continued)

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the financial instruments carried at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equities and mutual funds	\$ 15,940,769	–	–	\$ 15,940,769
Government and corporate bonds	\$ 5,839,447	–	–	5,839,447
				<b>\$21,780,216</b>

The following table presents the financial instruments carried at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Equities and mutual funds	\$ 16,112,987	–	–	\$ 16,112,987
Government and corporate bonds	\$ 5,668,998	–	–	5,668,998
				<b>\$21,781,985</b>

The fair value of cash and cash equivalents, accounts receivable, grants receivable, accounts payable, and refundable advance approximates carrying value, principally because of the short maturity of these assets and liabilities.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment included the following as of June 30, 2019 and 2018:

	Estimated Useful Lives	2019	2018
Property and equipment	5 – 7 years	\$ 26,384	\$ 25,219
Less: Accumulated depreciation		(14,672)	(22,084)
<b>PROPERTY AND EQUIPMENT, net</b>		<b>\$ 11,712</b>	<b>\$ 3,135</b>

**NOTE E – CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at three financial institutions and two investment firms. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2019 and 2018. The Foundation's uninsured bank balances amounted to \$394,114 and \$348,954 as of June 30, 2019 and 2018, respectively.

The investment firms utilized by the Foundation are members of the Securities Investors Protection Corporation, which provides protection up to \$500,000. As of June 30, 2019 and 2018, the Foundation's uninsured cash balances held by investment firms totaled \$523,279 and \$221,426, respectively.

**NOTE F – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor. Amounts released during the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Helios First Generation Scholars Fund	\$ 483,329	\$ 483,617
Florida Blue Scholarship Fund	395,379	376,132
Student Success Center Fund	261,041	112,545
Kidcare Fund	206,931	-0-
Dream Makers Fund	153,469	145,360
Other programs	26,685	4,851
Gates Convening Fund	18,795	-0-
Helios Attainment Fund	-0-	100,000
Lumina Attainment Challenge Fund	-0-	76,782
	<b>\$ 1,545,629</b>	<b>\$ 1,299,287</b>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE G – NET ASSETS WITH TIME AND PURPOSE RESTRICTIONS**

Net assets with time and purpose restrictions of \$8,374,218 and \$8,297,110 as of June 30, 2019 and 2018, respectively, are restricted primarily for scholarship assistance.

**NOTE H – NET ASSETS PERPETUAL IN NATURE**

The Foundation's endowments consist of four donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation does not hold any funds designated by the Board of Directors to function as endowments. Net assets with donor restrictions that are perpetual in nature consist of the endowment funds described in Note I.

**NOTE I – ENDOWMENT FUNDS**

An endowed scholarship fund was established in 2004 with a contribution of \$2,500,000 from Florida Blue, formerly Blue Cross and Blue Shield of Florida, Inc. In 2005, the Foundation received matching funds from the State of Florida Dr. Philip Benjamin Matching Grant Program totaling \$2,500,000. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2019 and 2018 totaled \$5,000,000.

The Dream Makers Endowment Fund was established in 1999 with an original contribution of \$1,000,000 from Bank of America, formerly NationsBank and matching funds of \$1,000,000 from the State of Florida. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2019 and 2018 totaled \$2,000,000.

A general endowment was established in 1994 with a contribution of \$2,230 from Florida Citrus Mutual. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2019 and 2018 totaled \$2,230.

In December 2006, the Helios Education Foundation established an endowment fund with a contribution totaling \$4,500,000. During fiscal year 2008, the Foundation received a match totaling \$4,500,000 from the State of Florida Dr. Philip Benjamin Matching Grant Program. The principal is to remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2019 and 2018 totaled \$9,000,000.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE I – ENDOWMENT FUNDS (Continued)**

***Interpretation of Relevant Law***

The Foundation's Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to all not-for-profit organizations incorporated in the State of Florida as of July 1, 2012.

***Endowment Net Asset Composition***

Endowment net assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
With donor restrictions	<u>\$16,002,230</u>	<u>\$16,002,230</u>

***Changes in Endowment Net Assets***

Changes in endowment net assets during the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$16,002,230	\$16,002,230
Investment income	-0-	-0-
Contributions	-0-	-0-
Appropriation of endowment assets for expenditure	-0-	-0-
Balance at end of year	<u>\$16,002,230</u>	<u>\$16,002,230</u>

***Endowment Spending Policy***

The Foundation's Board-adopted spending policy is that endowed scholarship earnings are to be distributed annually based on the December 31 portfolio value including dividends and realized and unrealized gains and net of investment management fees. The annual distribution from the endowment fund is set at five percent (5%) of the average market value of the previous three (3) years' year end evaluations. If market conditions are negative during the current year, then dividends and interest income may be used for that year for scholarship purposes. If dividends and interest income is greater than five percent (5%) of the spending policy, then the Board of Directors can vote to cap dividends and interest at five percent (5%). Carryover of unspent distributions and special payments in excess of the annual spending policy are allowable with the approval of the Board of Directors. In the event the distribution would touch the corpus, a super majority vote is required and grant agreement and donor approval is to be explored.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE I – ENDOWMENT FUNDS (Continued)**

***Endowment Investment Policy***

The endowment investment policy adopted by the Foundation’s Board of Directors stipulates a target allocation of 65% equities and 35% fixed income. However, the Foundation reserves the right to alter these asset allocation guidelines at any time as the Foundation objectives and market conditions necessitate. The Finance and Investment Committee will review the overall asset allocation guidelines at least annually upon the start of each fiscal year. A fluctuation of up to 10% is allowed within asset categories. The Foundation seeks long-term growth of principal to preserve and grow Foundation assets and maximize scholarship awards to Florida’s colleges.

**NOTE J – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,344,399	\$ 1,952,914
Accounts receivable, net	30,306	25,000
Grants receivable	300,067	667,034
Investments	5,780,216	5,781,985
Cash and cash equivalents restricted for endowment purposes	2,230	2,230
Investments restricted for endowment purposes	<u>16,000,000</u>	<u>16,000,000</u>
Total Financial Assets	24,457,218	24,429,163
Less: Financial assets with donor-imposed restrictions:		
Perpetual in nature	(16,002,230)	(16,002,230)
Time and purpose restrictions	<u>(8,410,261)</u>	<u>(8,380,570)</u>
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 44,727</u>	<u>\$ 46,363</u>

Management monitors cash availability on a regular basis prior to preparing its general disbursements.

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE K – IN-KIND CONTRIBUTIONS**

During the years ended June 30, 2019 and 2018, the Foundation received donated services and office space from the Florida Department of Education of \$179,448 and \$141,042, respectively, that met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America, and are therefore reflected in the accompanying financial statements.

**NOTE L – UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

During the fiscal years ended June 30, 2016 and 2017, the Foundation acted as the fiscal agent on behalf of the Governor's Office related to the "Degrees to Jobs Summit" that was held in May 2016. As the fiscal agent, at the direction of the Governor's Office, the Foundation expended funds totaling \$172,967 for the event. As of June 30, 2017, the Foundation had received reimbursements totaling \$95,000, leaving a receivable balance of \$77,967 as of that date. In December 2017 and August 2018, the Foundation received additional reimbursements of \$10,000 and \$25,000, respectively. Collection of the remaining balance is uncertain. Accordingly, an allowance for uncollectible accounts in the amount of \$42,967 was recorded as of June 30, 2019 and 2018, respectively.

**NOTE M – UNCERTAIN TAX POSITIONS**

Management is not aware of any activities that would jeopardize the Foundation's tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended June 30, 2019 and 2018.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Foundation believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2016.

**NOTE N – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through March 17, 2020, the date which the financial statements were available to be issued.

**NOTE O – CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2019**

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**NOTE O – CHANGE IN ACCOUNTING PRINCIPLE** *(Continued)*

about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE P – RECENT ACCOUNTING PRONOUNCEMENTS**

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Foundation for fiscal years beginning after December 15, 2018. The Foundation is evaluating the impact of the adoption of ASU 2016-01 on its financial statements.

In November 2017, the FASB issued ASU 2017-14, *Income Statement – Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)*, which sets out to clarify the principles of recognizing revenue and to develop a common revenue standard. This ASU amends ASU 2014-09 and ASU 2015-14, which are not yet effective. The new standard will apply to entities that enter into contracts with customers to transfer goods or services, except for contracts that are within the scope of other standards. ASU 2017-14 will be effective for the Foundation for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of the adoption of ASU 2017-14 on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which sets out to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 will be effective for the Foundation for fiscal years beginning after December 15, 2018 for contributions received and for fiscal years beginning after December 15, 2019 for contributions made. The Foundation is currently evaluating the impact of the adoption of ASU 2018-08 on its financial statements.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies the disclosure requirements for fair value measurements. ASU 2018-13 will be effective for the Foundation for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact of the adoption of ASU 2018-13 on its financial statements.

**SUPPLEMENTARY INFORMATION**

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**SCHEDULES OF FINANCIAL POSITION BY FUND**  
**June 30, 2019 and 2018**

	<u>2019</u>												Total of All Funds
	Without Donor Restrictions	With Donor Restrictions Purpose Restricted						With Donor Restrictions Perpetual in Nature					
	Operating Fund	Florida Blue Scholarship Fund	Helios First Generation Scholars Fund	Dream Makers Fund	Gates Convening Fund	KidCare Fund	Student Success Center Fund	Other Funds	Helios First Generation Scholars Fund	Florida Blue Scholarship Fund	Dream Makers Fund	Florida Citrus Fund	
<b>CURRENT ASSETS</b>													
Cash and cash equivalents	\$ 41,852	\$ 515,099	\$ 1,038,219	\$ 345,613	\$ 56,205	\$ (27,431)	\$ 365,408	\$ 9,434	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,344,399
Accounts receivable, net	2,875	-0-	-0-	-0-	-0-	27,431	-0-	-0-	-0-	-0-	-0-	-0-	30,306
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	300,067	-0-	-0-	-0-	-0-	-0-	300,067
Investments	-0-	3,814,132	552,790	1,413,294	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,780,216
<b>TOTAL CURRENT ASSETS</b>	<b>44,727</b>	<b>4,329,231</b>	<b>1,591,009</b>	<b>1,758,907</b>	<b>56,205</b>	<b>-0-</b>	<b>665,475</b>	<b>9,434</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>8,454,988</b>
<b>NONCURRENT ASSETS</b>													
Cash and cash equivalents restricted for endowment purposes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,230	2,230
Investments restricted for endowment purposes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000,000	5,000,000	2,000,000	-0-	16,000,000
Equipment, net	1,341	-0-	-0-	-0-	-0-	-0-	10,371	-0-	-0-	-0-	-0-	-0-	11,712
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,341</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>10,371</b>	<b>-0-</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,230</b>	<b>16,013,942</b>
<b>TOTAL ASSETS</b>	<b>\$ 46,068</b>	<b>\$ 4,329,231</b>	<b>\$ 1,591,009</b>	<b>\$ 1,758,907</b>	<b>\$ 56,205</b>	<b>\$ -0-</b>	<b>\$ 675,846</b>	<b>\$ 9,434</b>	<b>\$ 9,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,230</b>	<b>\$ 24,468,930</b>
<b>LIABILITIES</b>													
Accounts payable	\$ 2,255	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 21,414	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 23,669
Refundable advance	-0-	-0-	-0-	-0-	25,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,000
<b>TOTAL LIABILITIES</b>	<b>2,255</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>25,000</b>	<b>-0-</b>	<b>21,414</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>48,669</b>
<b>NET ASSETS</b>													
Without donor restrictions	43,813	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	43,813
With donor restrictions													
Time and purpose restrictions	-0-	4,329,231	1,591,009	1,758,907	31,205	-0-	654,432	9,434	-0-	-0-	-0-	-0-	8,374,218
Perpetual in nature	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000,000	5,000,000	2,000,000	2,230	16,002,230
<b>TOTAL NET ASSETS</b>	<b>43,813</b>	<b>4,329,231</b>	<b>1,591,009</b>	<b>1,758,907</b>	<b>31,205</b>	<b>-0-</b>	<b>654,432</b>	<b>9,434</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,230</b>	<b>24,420,261</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 46,068</b>	<b>\$ 4,329,231</b>	<b>\$ 1,591,009</b>	<b>\$ 1,758,907</b>	<b>\$ 56,205</b>	<b>\$ -0-</b>	<b>\$ 675,846</b>	<b>\$ 9,434</b>	<b>\$ 9,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,230</b>	<b>\$ 24,468,930</b>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**SCHEDULES OF FINANCIAL POSITION BY FUND (CONTINUED)**  
**June 30, 2019 and 2018**

2018

	Without Donor Restrictions	With Donor Restrictions Purpose Restricted							With Donor Restrictions Perpetual in Nature				Total of All Funds	
	Operating Fund	Florida Blue Scholarship Fund	Helios First Generation Scholars Fund	Dream Makers Fund	Lumina Attainment Challenge Fund	Helios Attainment Fund	KidCare Fund	Student Success Center Fund	Other Funds	Helios First Generation Scholars Fund	Florida Blue Scholarship Fund	Dream Makers Fund		Florida Citrus Fund
<b>CURRENT ASSETS</b>														
Cash and cash equivalents	\$ 21,363	\$ 540,899	\$ 732,411	\$ 345,631	\$ -0-	\$ -0-	\$ 85,000	\$ 219,706	\$ 7,904	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,952,914
Accounts receivable, net	25,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,000
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	667,034	-0-	-0-	-0-	-0-	-0-	667,034
Investments	-0-	3,720,571	660,070	1,401,344	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,781,985
<b>TOTAL CURRENT ASSETS</b>	<b>46,363</b>	<b>4,261,470</b>	<b>1,392,481</b>	<b>1,746,975</b>	<b>-0-</b>	<b>-0-</b>	<b>85,000</b>	<b>886,740</b>	<b>7,904</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>8,426,933</b>
<b>NONCURRENT ASSETS</b>														
Cash and cash equivalents restricted for endowment purposes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,230	2,230
Investments restricted for endowment purposes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000,000	5,000,000	2,000,000	-0-	16,000,000
Equipment, net	1,595	-0-	-0-	-0-	-0-	-0-	-0-	1,540	-0-	-0-	-0-	-0-	-0-	3,135
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,595</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>1,540</b>	<b>-0-</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,230</b>	<b>16,005,365</b>
<b>TOTAL ASSETS</b>	<b>\$ 47,958</b>	<b>\$ 4,261,470</b>	<b>\$ 1,392,481</b>	<b>\$ 1,746,975</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 85,000</b>	<b>\$ 888,280</b>	<b>\$ 7,904</b>	<b>\$ 9,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,230</b>	<b>\$ 24,432,298</b>
<b>LIABILITIES</b>														
Accounts payable	\$ 2,358	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,358
Refundable advance	-0-	-0-	-0-	-0-	-0-	-0-	85,000	-0-	-0-	-0-	-0-	-0-	-0-	85,000
<b>TOTAL LIABILITIES</b>	<b>2,358</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>85,000</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>87,358</b>
<b>NET ASSETS</b>														
Without donor restrictions	45,600	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	45,600
With donor restrictions														
Time and purpose restrictions	-0-	4,261,470	1,392,481	1,746,975	-0-	-0-	-0-	888,280	7,904	-0-	-0-	-0-	-0-	8,297,110
Perpetual in nature	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000,000	5,000,000	2,000,000	2,230	16,002,230
<b>TOTAL NET ASSETS</b>	<b>45,600</b>	<b>4,261,470</b>	<b>1,392,481</b>	<b>1,746,975</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>888,280</b>	<b>7,904</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,230</b>	<b>24,344,940</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 47,958</b>	<b>\$ 4,261,470</b>	<b>\$ 1,392,481</b>	<b>\$ 1,746,975</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 85,000</b>	<b>\$ 888,280</b>	<b>\$ 7,904</b>	<b>\$ 9,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,230</b>	<b>\$ 24,432,298</b>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**SCHEDULES OF ACTIVITIES BY FUND**  
**For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>												
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose Restricted</u>							<u>With Donor Restrictions Perpetual in Nature</u>				
	<u>Operating Fund</u>	<u>Florida Blue Scholarship Fund</u>	<u>Helios First Generation Scholars Fund</u>	<u>Dream Makers Fund</u>	<u>Gates Convening Fund</u>	<u>KidCare Fund</u>	<u>Student Success Center Fund</u>	<u>Other Funds</u>	<u>Helios First Generation Scholars Fund</u>	<u>Florida Blue Scholarship Fund</u>	<u>Dream Makers Fund</u>	<u>Florida Citrus Fund</u>	<u>Total of All Funds</u>
SUPPORT AND REVENUE													
Grants	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 50,000	\$ 206,931	\$ -0-	\$ 25,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 281,931
In-kind contributions	152,255	-0-	-0-	-0-	-0-	-0-	27,193	-0-	-0-	-0-	-0-	-0-	179,448
Contributions	84,556	-0-	-0-	-0-	-0-	-0-	-0-	3,215	-0-	-0-	-0-	-0-	87,771
Seminar registration	17,807	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,807
Other income	1,617	46	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,663
Investment return, net	(373)	463,094	681,857	165,401	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,309,979
Net assets released from restrictions	1,545,629	(395,379)	(483,329)	(153,469)	(18,795)	(206,931)	(261,041)	(26,685)	-0-	-0-	-0-	-0-	-0-
TOTAL SUPPORT AND REVENUE	1,801,491	67,761	198,528	11,932	31,205	-0-	(233,848)	1,530	-0-	-0-	-0-	-0-	1,878,599
OPERATING EXPENSES													
Awards and recognition	1,274,592	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,274,592
In-kind	179,448	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	179,448
Payroll	75,823	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	75,823
Meetings and conferences	67,991	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	67,991
Consulting	41,345	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	41,345
Travel	41,181	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	41,181
Office expenses	37,197	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	37,197
Project and workgroups	32,161	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	32,161
Accounting and legal	22,147	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,147
Miscellaneous	11,715	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,715
Advertising	7,270	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,270
Communications	6,988	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,988
Seminars	3,903	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,903
Depreciation	1,517	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,517
TOTAL OPERATING EXPENSES	1,803,278	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,803,278
CHANGE IN NET ASSETS	(1,787)	67,761	198,528	11,932	31,205	-0-	(233,848)	1,530	-0-	-0-	-0-	-0-	75,321
NET ASSETS, BEGINNING OF YEAR	45,600	4,261,470	1,392,481	1,746,975	-0-	-0-	888,280	7,904	9,000,000	5,000,000	2,000,000	2,230	24,344,940
NET ASSETS, END OF YEAR	\$ 43,813	\$ 4,329,231	\$ 1,591,009	\$ 1,758,907	\$ 31,205	\$ -0-	\$ 654,432	\$ 9,434	\$ 9,000,000	\$ 5,000,000	\$ 2,000,000	\$ 2,230	\$ 24,420,261

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**SCHEDULES OF ACTIVITIES BY FUND (CONTINUED)**  
For the Years Ended June 30, 2019 and 2018

2018

	Without Donor Restrictions	With Donor Restrictions Purpose Restricted								With Donor Restrictions Perpetual in Nature				Total of All Funds
	Operating Fund	Florida Blue Scholarship Fund	Helios First Generation Scholars Fund	Dream Makers Fund	Lumina Attainment Challenge Fund	Helios Attainment Fund	KidCare Fund	Student Success Center Fund	Other Funds	Helios First Generation Scholars Fund	Florida Blue Scholarship Fund	Dream Makers Fund	Florida Citrus Fund	
<b>SUPPORT AND REVENUE</b>														
Grants	\$ 50,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 100,000	\$ -0-	\$ 1,000,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,150,000
In-kind contributions	141,042	-0-	-0-	-0-	-0-	-0-	-0-	825	-0-	-0-	-0-	-0-	-0-	141,867
Contributions	87,750	-0-	-0-	-0-	-0-	-0-	-0-	-0-	500	-0-	-0-	-0-	-0-	88,250
Other income	27,873	277	-0-	154	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	28,304
Seminar registration	22,254	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,254
Investment return, net	138	1,196,750	838,623	469,352	-0-	-0-	-0-	-0-	23	-0-	-0-	-0-	-0-	2,504,886
Net assets released from restrictions	1,299,287	(376,132)	(483,617)	(145,360)	(76,782)	(100,000)	-0-	(112,545)	(4,851)	-0-	-0-	-0-	-0-	-0-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,628,344</b>	<b>820,895</b>	<b>355,006</b>	<b>324,146</b>	<b>(76,782)</b>	<b>-0-</b>	<b>-0-</b>	<b>888,280</b>	<b>(4,328)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>3,935,561</b>
<b>OPERATING EXPENSES</b>														
Awards and recognition	1,097,375	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,097,375
In-kind	141,042	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	141,042
Meetings and conferences	131,561	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	131,561
Consulting	68,070	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	68,070
Communications	49,665	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	49,665
Travel	37,824	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	37,824
Office expenses	23,948	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,948
Accounting and legal	17,599	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,599
Meals and entertainment	15,926	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	15,926
Advertising	6,332	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,332
Seminars	5,358	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,358
Miscellaneous	4,598	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,598
Depreciation	660	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	660
<b>TOTAL OPERATING EXPENSES</b>	<b>1,599,958</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>1,599,958</b>
<b>CHANGE IN NET ASSETS</b>	<b>28,386</b>	<b>820,895</b>	<b>355,006</b>	<b>324,146</b>	<b>(76,782)</b>	<b>-0-</b>	<b>-0-</b>	<b>888,280</b>	<b>(4,328)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>2,335,603</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>17,214</b>	<b>3,440,575</b>	<b>1,037,475</b>	<b>1,422,829</b>	<b>76,782</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>12,232</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,230</b>	<b>22,009,337</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 45,600</b>	<b>\$ 4,261,470</b>	<b>\$ 1,392,481</b>	<b>\$ 1,746,975</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 888,280</b>	<b>\$ 7,904</b>	<b>\$ 9,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,230</b>	<b>\$ 24,344,940</b>

**THE FLORIDA COLLEGE SYSTEM FOUNDATION, INC.**  
**SCHEDULES OF BENEFITS TO THE COLLEGE FOUNDATIONS**  
**For the Years Ended June 30, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
Broward College	\$ 103,625	\$ 91,294
Chipola College	31,483	18,238
College of Central Florida	27,403	28,611
Daytona State College	53,855	38,882
Eastern Florida State College	34,088	36,496
Florida Gateway College	20,190	19,498
Florida Keys Community College	31,604	18,011
Florida Southwestern State College	35,321	35,619
Florida State College at Jacksonville	64,906	53,772
Gulf Coast State College	47,426	27,755
Hillsborough Community College	51,868	52,433
Indian River State College	35,516	37,503
Lake – Sumter State College	19,676	20,328
Miami Dade College	113,356	104,699
North Florida Community College	17,715	17,697
Northwest Florida State College	20,347	20,668
Palm Beach State College	48,736	51,005
Pasco – Hernando State College	31,901	33,108
Pensacola State College	42,220	25,403
Polk State College	41,208	29,845
Santa Fe College	31,886	30,311
Seminole State College of Florida	52,960	42,243
South Florida State College	33,598	21,837
St. Johns River State College	24,055	24,028
St. Petersburg College	70,015	58,693
State College of Florida, Manatee – Sarasota	28,070	29,111
Tallahassee Community College	46,959	30,219
Valencia College	<u>83,121</u>	<u>71,352</u>
	<u>\$ 1,243,108</u>	<u>\$ 1,068,659</u>

**REPORT REQUIRED UNDER  
*GOVERNMENT AUDITING STANDARDS***

## CARROLL and COMPANY

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## **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  
The Florida College System Foundation, Inc.  
Tallahassee, Florida

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 The Florida College System Foundation, Inc. (a non-profit organization) (the Foundation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation'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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

To the Board of Directors  
The Florida College System Foundation, Inc.  
Page Two

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

### **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.

*Carroll and Company*

March 17, 2020