

2020

College of Central Florida Foundation, Inc.
A Component Unit of the College of Central Florida

Financial Statements and Independent Auditor's Report

December 31, 2020

**COLLEGE OF CENTRAL FLORIDA
FOUNDATION, INC.
OCALA, FLORIDA
A COMPONENT UNIT OF THE
COLLEGE OF CENTRAL FLORIDA
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-25
Supplementary Information	
Statement of Net Position by Account	26-27
Statement of Revenues, Expenses, and Changes in Net Position by Account	28-29
Additional Elements of Report Prepared in Accordance with Government Auditing Standards, Issued by the Comptroller General of the United States	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31

INDEPENDENT AUDITOR'S REPORT

Board of Directors
College of Central Florida Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Foundation's 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. 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 Foundation'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 Foundation'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.

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INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As more fully described in Note 15 to the financial statements as a subsequent event, the Foundation may be operationally and financially impacted by the outbreak of the novel coronavirus (COVID-19) pandemic.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The statement of net position by account and statement of revenues, expenses, and changes in net position by account are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of net position by account and statement of revenues, expenses, and changes in net position by account are the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of net position by account and statement of revenues, expenses, and changes in net position by account are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
College of Central Florida Foundation, Inc.

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, 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 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. 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.



April 30, 2021
Ocala, Florida

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

This section of the College of Central Florida Foundation’s (the Foundation) annual financial report presents our discussion and analysis of financial performance for the fiscal periods ended on December 31, 2020 and 2019. Please read it in conjunction with the preceding Accountant’s Audit Report and financial statements following this section.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about activities and present a longer-term view of financial position. The Statement of Cash Flows provides information regarding net cash from (used in) various activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These notes are an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of activities and performance.

FINANCIAL ANALYSIS

NET POSITION

	December 2020	December 2019
Current Assets	\$ 6,894,450	\$ 5,970,599
Capital Assets, Net	21,297,541	21,105,473
Non-Current Assets	87,057,904	78,292,169
Total Assets	<u>115,249,895</u>	<u>105,368,241</u>
Current Liabilities	869,403	1,014,429
Non-Current Liabilities	728,954	1,060,987
Total Liabilities	<u>1,598,357</u>	<u>2,075,416</u>
Deferred Inflows of Resources		
Split Interest Agreements	36,074	230,458
Gift Annuity	127,698	198,578
Total Deferred Inflows of Resources	<u>163,772</u>	<u>429,036</u>
Net Position		
Net Investment in Capital Assets	20,812,543	20,450,471
Restricted	75,483,836	65,936,276
Unrestricted	17,191,387	16,477,042
Net Position at End of Year	<u>\$ 113,487,766</u>	<u>\$ 102,863,789</u>

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(Continued)

In comparing 2020 activity to 2019 activity, we note the following:

Total assets increased by 9.4%, or \$9.9 million. Current assets increased by \$923,851, and capital assets increased by \$192,068. Non-current assets, including the Foundation's investment accounts, increased by \$9.8 million during 2020 due primarily to a trust which matured during the year, leading to the largest gift received by the CF Foundation to date.

There was a net decrease in total liabilities of \$477,060 with current liabilities decreasing by \$145,027. Contributing to the decrease was a decline in the amount of scholarships awarded for Fall 2020 resulting from transitions in personnel and the implementation of new software within the College's financial aid department. Offsetting this decrease was an increase in the current portion of long-term debt due to the deferral of the 2020 repayment owed to the College for College Square Apartments support, which will be due in 2021. An 11-year agreement was made to repay the College beginning December 2014 after the bond on College Square Apartments was paid in full January 2014. Noncurrent liabilities decreased by 31.3% or \$332,033, attributable to a \$165,000 reduction in bonds payable for the Enterprise Center, along with \$100,000 shifting from non-current to the current classification for College Square Apartments support. The Foundation also received a gift annuity that had matured, reducing liabilities even further.

In recognizing the effects of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements* on our financial statements, deferred inflows of resources decreased by \$265,265 to reflect the receipt of proceeds from charitable remainder trusts and gift annuities during 2020. Total net position increased by \$9,623,975.

CHANGES IN NET POSITION

	December 2020	December 2019
Revenue:		
Operating - Contributions	\$ 1,883,683	\$ 1,113,987
Operating - Change in Pledges Receivable	6,083	(15,774)
Operating - Investment Income	6,729,054	12,167,517
Operating - Other	1,043,801	1,318,503
Operating - Support from College of Central Florida	351,763	447,519
Endowment Additions	5,797,812	834,410
Total Revenue	<u>15,812,196</u>	<u>15,866,162</u>
Expenses		
Operating - Program	4,421,287	5,270,787
Operating - Support	724,410	846,351
Non-Operating Expenses	42,522	94,885
Total Expenses	<u>5,188,219</u>	<u>6,212,023</u>
Change in Net Positions	10,623,977	9,654,139
Net Position at Beginning of Year	102,863,789	93,209,650
Net Position at End of Year	<u>\$ 113,487,766</u>	<u>\$ 102,863,789</u>

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

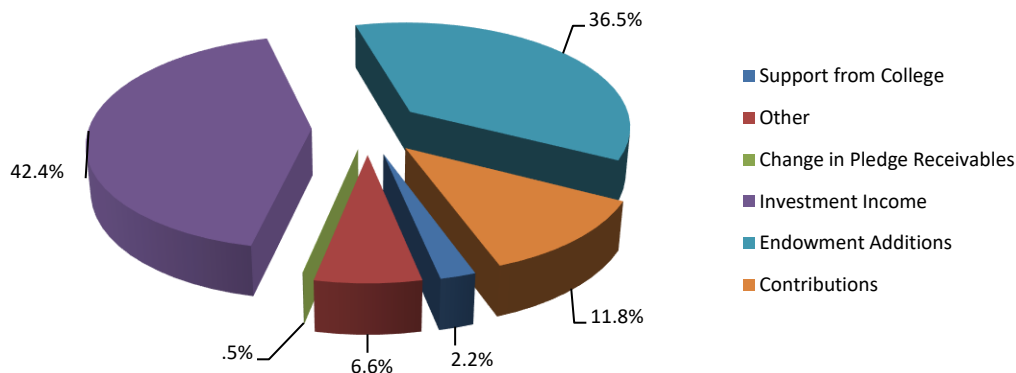
Significant differences between 2020 and 2019 revenues and expenses are discussed below:

REVENUES

Operating Revenue: Overall, operating revenue decreased by \$5 million, with investment income decreasing by 44.7%, or \$5.4 million, due to fluctuations in market conditions during 2020. The Foundation also experienced a decrease in rental income. Both decreases were due to disruptions caused by the COVID-19 pandemic. There was also a 21.4% decrease in support received by the College as the Foundation agreed to take on more of the financial burden of employee salaries. The overall decrease was slightly offset by a 69.1% increase in private contributions.

Endowment Additions Revenue: Permanently restricted contributions to the endowment fund experienced a 595% increase due to the receipt of a large estate gift during 2020.

2020 Revenue



Operating – Contributions consists of private non-endowed contributions.

Operating – Change in Pledges Receivable is comprised of pledges added, paid, and written off.

Operating – Investment Income is comprised of investment earnings, changes in values of life insurance and split interest agreements, and gain/loss on land held for investment purposes.

Operating – Other Revenue is comprised of rental income and fees from various rental properties owned by the Foundation including College Square student residence and the Enterprise Center along with revenue from special events.

Endowment Additions are permanently restricted contributions added to the endowment fund.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

EXPENSES

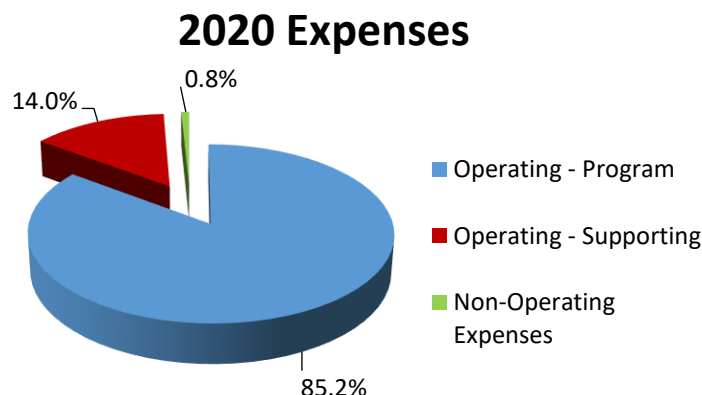
Operating – Program Expenses include scholarships, academic program and institutional support as well as distributions for temporarily restricted purposes. Also included in this category are expenses associated with donor relations, special events, student housing and Enterprise Center. A majority of operating program expenses are funded through earnings on endowments. Although the Foundation's fiscal year is January to December, endowment allocations are made in line with the College's academic and fiscal year which is July to June.

During 2020, the Foundation provided \$743,127 in scholarship support, \$505,452 in academic program support, and \$2,105,680 in institutional support. Overall, 2020 program expenses decreased 16.1% due primarily to effects of COVID-19 during the second half of 2020. Appleton Museum endowments held by the Foundation matured in 2015, and a 5-year agreement was reached to provide \$500,000 in support of Appleton Museum operations annually. In July 2017, an additional allocation was requested to fund all operations at the Appleton Museum in response to losing all State funding.

The Foundation's Board of Directors (the Board) approved an endowment-spending rate of 3.0% for endowed scholarship and chair awards during the 2020-21 academic year.

Operating – Supporting Expenses are comprised of general and administrative expenses including personnel costs, insurance, utilities, and maintenance. In 2020, supporting expenses totaled \$724,410, a decrease of 14.4%, or \$121,941, in comparison to 2019 expenses. The Foundation agreed to take on more of the financial burden of employee salaries, which makes up the majority of the supporting expense variation.

Non-Operating Expenses, which consists of interest expense, totaled \$42,522 for 2020 compared to \$94,884 in 2019, a decrease of 55.2%. This amount includes interest paid on the Foundation's long-term debt financing. The final payment for the College Square bond was made on January 2, 2014. Beginning December 2014, repayment to the College for College Square support began in accordance with an 11-year agreement approved by the Board during 2013. Due to COVID-19 and the resulting loss of rental revenues, the College deferred the 2020 payment for one year. Payment of the Enterprise Center long-term debt will be complete in 2023.



COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

NET POSITION

As a result of the foregoing activity, net position increased 10.3%, or \$10,623,977, to \$113,487,766. Included in unrestricted net position are board-designated reserve accounts that have been established as follows:

Scholarship Reserve	\$ 1,507,305
Endowed Chair/Grant Reserve	428,472
Insurance Reserve	<u>32,000</u>
Total Reserves	<u>\$ 1,967,777</u>

DEBT ADMINISTRATION

	<u>December 2020</u>	<u>December 2019</u>
Long-Term Debt:		
Bonds Payable	\$ 484,998	\$ 655,002
Advances from the College	<u>580,343</u>	<u>580,343</u>
Total	<u>\$ 1,065,341</u>	<u>\$ 1,235,345</u>

OTHER

In 2011, the Foundation’s the Board completed its research into alternative options and strategies for management of the Foundation’s investment portfolio. At the end of that very lengthy and comprehensive process, the Board approved replacing the current investment advisor with a firm having specific expertise in managing educationally based endowed investments including several educational foundations in Florida. This transition took place in late December 2011 and was fully implemented the first week of January 2012. In late 2013, the Board approved a 5% investment in core property and alternatives, implemented January 2014. Since inception with the current investment firm, the core endowment has earned 8.78% overall, with core property earning 8.56%. The Foundation’s total portfolio 3-year annualized return is 7.37%.

The Foundation is well positioned to continue to provide the College with resources to assist in carrying out its mission, to provide quality higher educational opportunities to the residents of Citrus, Levy, and Marion counties (our tri-county service area). The Foundation looks back with pride and forward with anticipation to the achievements made possible with the efforts and involvement of the Foundation’s Board and the College’s District Board of Trustees, our donors, volunteers, and community supporters.

REQUESTS FOR INFORMATION

This section of the Foundation’s annual financial report is designed to provide a general overview of the Foundation’s finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Chief Fiscal Officer, CF Foundation, 3001 SW College Rd, The Enterprise Center, 2nd Floor, Ocala, Florida 34474-4415 or by calling 352-873-5808.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 5,746,632
Bequest Receivable	1,000,000
Pledge Receivable, Current Portion, Net	44,384
Prepaid Expenses and Other Current Assets	103,434

Total Current Assets

6,894,450

Capital Assets, Net

Capital Assets Not Being Depreciated	18,045,858
Capital Assets Being Depreciated, Net	3,251,683

Total Capital Assets, Net

21,297,541

Non-Current Assets

Cash and Cash Equivalents - Endowment	1,447,913
Investments	85,273,496
Investments - Gift Annuity	170,910
Charitable Remainder Trusts	36,074
Cash Surrender Value of Life Insurance	36,699
Pledge Receivable, Non-Current Portion, Net	92,812

Total Non-Current Assets

87,057,904

Total Assets

115,249,895

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	188,295
Scholarship Payable	236,679
Escrow - Housing Deposits	35,327
Unearned Revenue	29,348
Current Portion of Advances from College of Central Florida	200,000
Current Portion of Gift Annuity Payable	9,750
Current Portion of Bonds Payable	170,004

Total Current Liabilities

869,403

Long-Term Liabilities

Long-Term Portion of Advances from College of Central Florida	380,343
Long-Term Portion of Gift Annuity Payable	33,617
Long-Term Portion of Bonds Payable	314,994

Total Long-Term Liabilities

728,954

Total Liabilities

1,598,357

Deferred Inflows of Resources

Charitable Remainder Trusts	36,074
Gift Annuity	127,698

Total Deferred Inflows of Resources

163,772

NET POSITION

Net Position

Net Investment in Capital Assets	20,812,543
Restricted:	
Non-Expendable	72,213,145
Expendable	3,270,691
Unrestricted:	
Undesignated	2,278,159
Board Designated	14,913,228

Total Net Position

\$ 113,487,766

See accompanying notes.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Operating Revenues	
Private Contributions	\$ 1,883,684
Net Change in Pledges Receivable	6,083
Rental Income and Fees	967,469
Investment Income	6,729,054
Special Events	76,332
Support from College of Central Florida	351,762
Total Operating Revenues	<u>10,014,384</u>
Operating Expenses	
Program Services:	
Donor Relations	162,972
Institutional Support	2,105,680
Scholarships	743,127
Academic Program Support	505,452
Special Events	34,002
Student Housing	575,349
Enterprise Center	294,705
Total Program Services	<u>4,421,287</u>
Supporting Services:	
General Administration	724,410
Total Supporting Services	<u>724,410</u>
Total Operating Expenses	<u>5,145,697</u>
Operating Income	<u>4,868,687</u>
Non-Operating Revenue (Expense)	
Interest Expense	<u>(42,522)</u>
Total Non-Operating Revenue	<u>(42,522)</u>
Change in Net Position Before Endowment Contributions	4,826,165
Private Endowment Contributions	<u>5,797,812</u>
Change in Net Position	10,623,977
Net Position, Beginning of Year	<u>102,863,789</u>
Net Position, End of Year	<u><u>\$ 113,487,766</u></u>

See accompanying notes.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities

Cash Received from Donors	\$ 7,241,361
Cash Received from Rental Tenants	967,469
Cash Paid to College of Central Florida, Vendors, and Suppliers	(5,144,078)
Cash Received for Investments and Dividends	1,222,672
Cash Received from Sale of Investments	27,550,144
Cash Paid for Purchases of Investments	(30,902,765)

Net Cash Used in Operating Activities

934,803

Cash Flows from Capital and Related Financing Activities

Acquisition and Construction of Capital Assets	(393,248)
Bond Payments	(170,004)
Annuity Payments	(9,750)
Interest Paid on Debt	(42,522)
Proceeds from the Sale of Capital Assets	28,644

Net Cash Used in Financing Activities

(586,880)

Net Increase (Decrease) in Cash and Cash Equivalents

347,923

Cash and Cash Equivalents, Beginning of Year

6,846,622

Cash and Cash Equivalents, End of Year

7,194,545

Shown on the Statement of Net Position as:

Cash and Cash Equivalents	5,746,632
Cash and Cash Equivalents - Endowment	<u>1,447,913</u>

Total Cash and Cash Equivalents

7,194,545

Reconciliation of Operating Income to Net Cash

Used in (Provided by) Operating Activities

Operating Income	4,868,687
Adjustments to Reconcile Operating Income to Net Cash	
Used in (Provided by) Operating Activities:	
Depreciation and Amortization	172,536
Donation of Stock	729,435
Net Realized and Unrealized Loss on Investments	(9,588,438)
Private Endowment Contributions	5,047,812
Decrease (Increase) in:	
Charitable Remainder Trusts	194,384
Bequest Receivable	(250,000)
Pledges Receivable	33,701
Prepaid Expenses and Other Current Assets	23,991
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(20,675)
Scholarships Payable	(174,233)
Escrow - Housing Deposits	(13,378)
Unearned Revenue	(25,071)
Gift Annuity Payable	(63,948)
Total Adjustments	<u>(3,933,884)</u>

Net Cash Used in (Provided by) Operating Activities

\$ 934,803

See accompanying notes.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies

Nature of Organization—The College of Central Florida Foundation, Inc. (the Foundation) is a direct support organization as provided for in Section 240.331, Florida Statutes, and is considered a component unit of the College of Central Florida (the College) in Ocala, Florida. The Foundation was formed in 1959 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their collegiate training and to provide the College with funds to carry on any proper activity at the College.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Fund Accounting—To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Foundation's financial activity is accounted for in a single enterprise fund, which is broken down into the following sub-accounts:

Operating Account—Includes unrestricted and restricted resources and represents the portion of expendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively.

Endowment Account—Records non-expendable donations received by the Foundation subject to donor-imposed restrictions and unrestricted donations received by the Foundation subject to designation by the Foundation's Board of Directors (the Board), requiring that the principal be invested in perpetuity and that only income (including appreciation) can be used for scholarships and endowed chair activities. The endowment principal balance fluctuates as investment income, including realized and unrealized appreciation, is allocated to each endowment on a pro rata basis based on its balance as a percentage of the total endowment fund. Beginning in 1992, the Board approved the unrestricted operating fund to charge up to a 2.5% reinvestment fee against current earnings to recover the costs of administering endowment and general operations. During the 2020 fiscal year, a reinvestment fee of 1.85% was charged on active endowments. The spending rate for the endowments is set by the Board. During the 2020 fiscal year, a spending rate of 3% was approved.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Museum Collection Account—Consists of the artwork and collections of the Appleton Museum of Art. Art acquisitions are recorded at cost if purchased or at market value on the date of receipt if donated, based on a bona fide appraisal. Although the artwork and collections have been capitalized, they are considered inexhaustible and, therefore, not depreciable.

Student Housing Account—Includes the student housing facility and related debt to further assist students attending the College. Rental revenues and operating and maintenance expenses are also recorded in the account.

Enterprise Center Account—Includes office building and related debt. Rental revenues and operating expenses are also recorded in the account.

Net Position—The Foundation classifies its net position into the following two categories:

Net Investment in Capital Assets—Represents the Foundation's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should also be included in this component of net position.

Restricted—The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Non-Expendable Restricted Net Position—Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable Restricted Net Position—Includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted—The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Classification of Revenues—The Foundation classifies its revenues as operating or non-operating according to the following criteria:

Operating Revenues—Include the primary activities of contributions from donors, program revenues, investment income, rental activities, and special events.

Non-Operating Revenues—Include revenues derived from contributions restricted for capital additions or endowments.

Donor Restricted Endowments—Investment income, including unrealized appreciation and depreciation, is allocated to each endowment account on a pro rata basis based on the non-expendable endowment balance. In accordance with state law, these funds are then available for expenditure when the specific donor criteria are met. The Foundation accounts for endowments using the total return method, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount is stated in the investment policy.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash, certificates of deposit, money market accounts, and highly liquid fixed income investments with original maturities of three months or less. Cash and cash equivalents that are part of the endowment account are classified as non-current assets in the statement of net position, as they are not intended to be used for current operating costs.

Capital Assets—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets, which range from five years for most equipment to forty years for buildings.

Bequest Receivable—Asset left to the Foundation through the provisions of a will or an estate plan that has not been received as of the end of the fiscal year.

Pledges Receivable—Legally enforceable pledges, less an allowance for uncollectible amounts, are recorded as a receivable and revenue in the year made for current period use. Pledges for endowments are considered voluntary non-exchange transactions and the contribution cannot be recognized until all the eligibility requirements are met, including time restrictions. Therefore, pledges for endowments are not recorded on the financial statements until the funds are received.

Investments—The Foundation follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this provision, contributed marketable securities are recorded at their fair value at the date of donation. Purchased marketable securities are recorded and carried at fair value with increases and decreases being charged and credited to the statement of revenues, expenses, and changes in net position.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Accrued Compensated Absences—The Foundation accrues accumulated unpaid vacation and sick leave and associated employer-related costs when earned (or estimated to be earned) by the employee. Eligible employees are entitled to annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave. A maximum of 450 hours may be carried over from year to year, of which 330 hours will be paid upon termination. Sick leave balances accrue for employees who are actively employed and who have completed ten years of service. However, payment upon termination is limited to the lesser of 60 days or 1/2 of the employee's sick leave balance for those employees who were hired on or after July 1, 1998, or 1/2 of the employee's sick leave balance for those employees hired prior to July 1, 1998.

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

Income Taxes—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. Contributions to the Foundation qualify for the charitable contribution tax deduction.

Donated Property, Materials, and Services—Donated property used to further the purposes of the Foundation is recorded at estimated fair value at the time of donation. Donated materials and services used to further the purposes of the Foundation are recorded at the amount it deems it would reasonably pay to obtain such materials and services. The Foundation frequently receives donations of property and materials, which it in turn, contributes to the College. These amounts are not recorded in the Foundation's accounting records.

Split Interest Agreements—The Foundation has adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. In accordance with GASB Statement No. 81, assets received under split-interest agreements are recorded as follows:

- Assets for Resources Received or Receivable
- A Liability for the Lead Interest that is Assigned to Other Beneficiaries
- A Deferred Inflow of Resources for the Government's Unconditional Remainder Interest

Changes in assets recognized pursuant to irrevocable split-interest agreements, such as those resulting from interest, dividends, and changes in fair value, are recognized as an increase or decrease in the related deferred inflow of resources. The amount recognized as the liability representing the lead interest assigned to other beneficiaries, have been recorded based on the settlement amount as measured by an evaluation technique that incorporates assumptions reflecting the specific provisions of the agreements. Those assumptions include: (a) the payment provisions of the agreement; (b) the estimated rate of return of the assets; (c) the mortality rate (if the term is life-contingent); and (d) the discount rate if a present value technique is used.

For agreements in which the Foundation is the lead interest beneficiary, the Foundation will recognize revenue for the beneficial interest applicable to the reporting period as stipulated in the irrevocable split-interest agreement. For agreements in which the Foundation is the remainder interest beneficiary, the Foundation will recognize revenue for the beneficial interest at the termination of the agreements, as stipulated in the irrevocable split-interest agreement.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2 - Rental Income

Rental income is received by the Foundation from the following sources:

- A 99-year lease on property located in Columbus, Ohio, was donated. Rent of \$2,500 is payable in advance every three months. The lease expires in the year 2022 and is renewable in perpetuity at the option of the lessee.
- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$995 is payable monthly on the 1st of each month. The current tenant is on a month-to-month, for \$995 per month.
- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$1,035 is payable on the 1st of each month. The lease expires on December 31, 2021.
- College Square, a 48-unit student residence that houses 192 students, charges monthly rent of between \$475 and \$495, depending on the length of lease. The length of a lease varies, depending on the tenants' needs. The Foundation has contracted with Roberts Real Estate, Inc., since January 2018 to manage the property. The property's daily operations are handled through the management office at College Square.
- The Enterprise Center, a commercial office building, is leased to various organizations with purposes consistent to the College's goals of educating and providing employment opportunities to its graduating students. CareerSource Citrus Levy Marion leases space on the second floor. The Small Business Development Center and Corporate College occupy the first floor, along with several other small business ventures.

Rental income to be received over the next five years under non-cancellable operating leases is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Rental Income</u>
2021	\$ 254,888
2022	233,415
2023	238,973
2024	244,530
2025	250,088

Note 3 - Cash, Cash Equivalents, and Investments

Investments are recorded at fair value. Securities traded on a national exchange are valued at the last reported sales price. Corporate bonds not traded on a national exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of real estate investments is based on

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

independent appraisals. Investments in hedge funds are generally valued at fair value, by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuations of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. Other investments not having an established market are recorded at estimated fair value.

The Foundation has established an investment policy for its endowed investments. The majority of its endowed investments are managed by SEI Investments Management Corp. The Foundation has a separate investment policy for the Edith Marie Appleton Endowment and Arthur Appleton Endowment, which are managed by the Northern Trust Company. The Foundation's investment managers are required to oversee the management of the portfolios pursuant to investment policies adopted by the Board.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB Statement No. 40), the Foundation's investments in securities and investment funds are reported by investment type at fair value in the composition of investments below:

Endowment Investment	Maturities (Years)	Credit Rating	Fair Value	Fair Value Measurement Level
Edith Marie Appleton Endowment:				
Government/Corporate Bond	5.85	AA	\$ 1,013,436	1
High Yield Bonds	5.77	B	344,506	1
Equities	N/A	N/A	3,294,025	1
Global Real Estate	N/A	N/A	71,193	1
Cash and Cash Equivalents	N/A	N/A	<u>270,025</u>	N/A
Total			<u>4,993,185</u>	
Arthur Appleton Endowment:				
Government/Corporate Bonds	5.85	AA	3,380,155	1
High Yield Bonds	5.77	B	1,149,077	1
Equities	N/A	N/A	10,987,304	1
Global Real Estate	N/A	N/A	241,896	1
Cash and Cash Equivalents	N/A	N/A	<u>899,081</u>	N/A
Total			<u>16,657,513</u>	
Other Endowment Investments:				
Investment Grade Fixed Income	5.22	AA	14,070,421	1
Non-Investment Grade Fixed Income	3.85	BB	3,029,017	1
Investment Bonds	10.73	BBB	3,066,803	1
U.S. Equity Funds	N/A	N/A	18,028,395	1
Equities	N/A	N/A	21,056,967	1
Balance Funds	N/A	N/A	-	1
Hedge Funds	N/A	N/A	3,775,434	2
Cash and Cash Equivalents	N/A	N/A	<u>278,807</u>	N/A
Total			<u>63,305,844</u>	
Total Endowment Investment (Including Cash)			<u>\$ 84,956,542</u>	

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Non-endowed assets held for various temporarily restricted and unrestricted purposes are invested separately and managed in accordance with the Board's approval for non-endowed investments:

Non-Endowment Investment	Maturities (Years)	Credit Rating	Fair Value	Fair Value Measurement Level
Other Investments:				
Investment Grade Fixed Income	4.40	AA	\$ 1,582,199	1
Non-Investment Grade Fixed Income	3.85	BB	189,117	1
Investment Bonds	10.73	BBB	164,461	1
Cash and Cash Equivalents	N/A	N/A	<u>5,746,632</u>	N/A
Total			<u>7,682,409</u>	
Total All Cash and Investments			<u>\$ 92,638,951</u>	

Both endowed and non-endowed investments are shown in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$ 5,746,632
Cash and Cash Equivalents - Endowment	1,447,913
Investments	85,273,496
Investments - Gift Annuity	<u>170,910</u>
Total	<u>\$ 92,638,951</u>

The Foundation categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, which are based on matrix pricing or evaluated pricing methodologies; Level 3 inputs are significant unobservable inputs. The Foundation does not have any investments that are Level 3 inputs.

GASB Statement No. 40 establishes disclosure requirements related to the following types of investment risks:

Credit Risk—Credit risk relates to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit for debt securities of the Foundation are displayed in the above schedule. Investment ratings are from Moody's Investor Services, Inc., Standard & Poor's, and Fitch. SEI Investments Management Corp. manages the other endowed investments and seeks "real return" for the portfolio. Fixed income securities managed by SEI Investments Management Corp. may invest in debt securities of any credit quality and with a broad range of maturities.

Interest Rate Risk—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The weighted average maturity for the Arthur Appleton Endowment and the Edith Marie Appleton Endowment and the duration for the Other Endowed Investments are presented in the above schedule.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Custodial Credit Risk—For deposits at December 31, 2020, cash and cash equivalents, including cash and cash equivalents held in endowment, were held by depositories, and the bank balances amounted to \$7,194,545. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. There are funds that are not FDIC insured, this primarily includes funds held as investments by the Foundation.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

■ **Arthur Appleton Endowment and Edith Marie Appleton Endowment**

All investments are held in a counterparty account for the Northern Trust Company, a trust department, as custodian for the above referenced client accounts.

■ **Other Endowed Investments**

All investments are held by SEI Investments Management Corp., a trust department, as custodian for the above referenced client accounts.

Concentration of Credit Risk—Disclosure of any issuer of investments that in the aggregate are 5% or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt). As of December 31, 2020, there were no concentrations of credit risk.

Foreign Currency Credit Risk—Investments include exposure to international equity securities. Fluctuating exchange rates will have an impact on the performance of those investments. No investments are completed with the sole intent to profit from changes in foreign currency exchange rates.

Note 4 - Charitable Gift and Remainder Annuity Trusts

As of December 31, 2020, the Foundation holds a remainder interest in several charitable remainder trusts. Under the terms of these trusts, the beneficiaries are to receive annual distributions during the lifetime of the donor(s). Upon the death of the donor(s), the funds remaining will be endowed or spent in accordance with the wishes of the donor(s).

As of December 31, 2020, the Foundation has entered into charitable gift annuity agreements with donors. Under terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 6.1% and 7.3% of the original principal of the trust for the life of the donor(s). The present value of the annuity payment liabilities at December 31, 2020, has been calculated based on the respective payouts and discount rates as determined by the trust documents. This amount is reflected on the balance sheet as a gift annuity liability. Upon the death of the donor(s), any funds remaining will be endowed or spent in accordance with the wishes of the donor(s) (see Note 10 for change in the liability for the fiscal year ended December 31, 2020).

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5 - Capital Assets

A summary of Appleton Museum and all other property and equipment of the Foundation is as follows at December 31, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Student Housing and Rental Houses				
Property and Equipment Not Being Depreciated:				
Land	\$ 459,640	\$ -	\$ -	\$ 459,640
Capital Assets Being Depreciated:				
Student Housing Buildings and Improvements	3,199,472	358,604	-	3,558,076
Rental Houses	109,237	-	-	109,237
Total Capital Assets Being Depreciated	3,308,709	358,604	-	3,667,313
Less Accumulated Depreciation:				
Student Housing Buildings and Improvements	(1,981,692)	(94,505)	-	(2,076,197)
Rental Houses	(61,606)	(3,395)	-	(65,001)
Total Accumulated Depreciation	(2,043,298)	(97,900)	-	(2,141,198)
Total Capital Assets Being Depreciated, Net	1,265,411	260,704	-	1,526,115
Total Student Housing and Rental Houses, Net	\$ 1,725,051	\$ 260,704	\$ -	\$ 1,985,755
	Beginning Balance	Increases	Decreases	Ending Balance
Other Capital Assets				
Capital Assets Not Being Depreciated:				
Appleton Collection and Artwork	\$ 17,188,166	\$ 6,000	\$ -	\$ 17,194,166
Other Donated Collections and Artwork	46,201	-	-	46,201
Land - Lot 7, College Park	16,000	-	-	16,000
Land - Ohio Downtown Commercial Property	160,000	-	-	160,000
Land - Orange Lake, Marion County	169,851	-	-	169,851
Total Capital Assets Not Being Depreciated	17,580,218	6,000	-	17,586,218
Capital Assets Being Depreciated:				
Buildings - Enterprise Center	2,985,432	-	-	2,985,432
Equipment - Enterprise Center	38,539	-	-	38,539
Office Equipment	1,250	-	-	1,250
Total Capital Assets Being Depreciated	3,025,221	-	-	3,025,221
Less Accumulated Depreciation:				
Buildings - Enterprise Center	(1,185,228)	(74,636)	-	(1,259,864)
Buildings - Vintage Farms	-	-	-	-
Equipment - Enterprise Center	(38,539)	-	-	(38,539)
Office Equipment	(1,250)	-	-	(1,250)
Total Accumulated Depreciation	(1,225,017)	(74,636)	-	(1,299,653)
Total Capital Assets Being Depreciated, Net	1,800,204	(74,636)	-	1,725,568
Other Capital Assets, Net	19,380,422	(68,636)	-	19,311,786
Total Capital Assets - at Cost	24,373,788	364,604	-	24,738,392
Total Accumulated Depreciation	(3,268,315)	(172,536)	-	(3,440,851)
Total Capital Assets, Net	\$ 21,105,473	\$ 192,068	\$ -	\$ 21,297,541

Total depreciation expense for the year ended December 31, 2020, was \$172,536.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

The total value of the artwork and collections at the Appleton Museum of Art exceeds the \$17,194,166, which is recorded in the accounting records of the Foundation, based on a professional appraisal of the top items in the collection, together with acquisitions that have been made since that time. The remaining items in the collection that were not appraised have not been included in the capitalization of the collection.

Note 6 - Net Position

Net position consists of the following at December 31, 2020:

Operating Account

Unrestricted:

Board Designated Revenue for Scholarships	\$ 1,507,306	
Board Designated Revenue for Chairs	428,473	
Board Designated Revenue for Insurance	32,000	
Undesignated	2,114,591	
Net Investment in Capital Assets	<u>345,851</u>	
Total Unrestricted Operating Account		\$ 4,428,221

Restricted:

Restricted for Annual and Major Gifts Campaign	482,485	
Restricted for Other Uses	<u>2,788,206</u>	
Total Restricted Operating Account		<u>3,270,691</u>

Total Operating Account		<u><u>7,698,912</u></u>
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Endowment Account

Non-Expendable:

Total Endowed for Scholarships	29,427,241	
Total Endowed for Appleton Museum	21,907,161	
Total Endowed for Chairs	16,409,848	
Total Promise for Future Endowment	4,270,787	
Total Endowed for Other Purposes	<u>198,108</u>	
Total Non-Expendable		72,213,145

Board Designated:

Board Designated Scholarships	6,915,020	
Board Designated Chairs	<u>6,030,429</u>	
Total Board Designated		<u>12,945,449</u>

Total Endowment Account		<u><u>85,158,594</u></u>
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Museum Collection Account

Invested in Capital Assets	<u>17,240,367</u>	
Total Museum Collection Account		<u>17,240,367</u>

Student Housing Account

Invested in Capital Assets	1,985,755	
Unrestricted	<u>77,770</u>	
Total Student Housing Account		<u>2,063,525</u>

Enterprise Center Account

Invested in Capital Assets	1,240,570	
Unrestricted	<u>85,798</u>	
Total Enterprise Center Account		<u>1,326,368</u>

Total Net Position		<u><u>\$ 113,487,766</u></u>
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COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7 - Scholarships

Foundation scholarships are awarded to individuals according to the stipulations placed on the scholarship by the donor or the Foundation. Scholarships are awarded to eligible students through the College Financial Aid Office and certified by the Director of Financial Aid when the requirements in the Donor Letter of Understanding are satisfied.

Scholarship expense was recognized in the following accounts during the year ended December 31, 2020:

From Endowment Accounts	\$ 548,227
From Restricted Accounts	126,715
From Unrestricted Accounts	<u>68,185</u>
Total	<u>\$ 743,127</u>

Note 8 - Academic Program Support

The Foundation expended a total of \$505,452 for academic program support. In 1994, the Foundation began an endowed chairs program. The expenses for academic program support consisted of the following types of expenses:

Endowed Chairs Program	\$ 209,690
Professional Fees	<u>295,762</u>
Total	<u>\$ 505,452</u>

All chairs are funded from endowed investment earnings. Currently, there are five endowed chair categories:

- Category 1 - Teaching and Learning Environment
- Category 2 - State-of-the-Art Learning
- Category 3 - Cultural Environment
- Category 4 - Educational Environment
- Category 5 - New Initiative

Note 9 - Support from College of Central Florida

All employees of the Foundation are considered employees of the College. All salaries, benefits, retirement benefits through the Florida Retirement System, and payroll taxes are paid by the College. The Foundation agreed to reimburse the College for a portion of such payroll expenses for the year ended December 31, 2020, based on a memorandum of understanding. Actual expenses of \$613,059 exceeded the payments of \$328,582 made by the Foundation, of which \$284,477 is included as support from the College and personnel expenses in the statement of revenues, expenses, and changes in net position.

Note 10 - Long-Term Liabilities

The Foundation's long-term liabilities include advances, bonds payable, and gift annuities. The following is a schedule of changes in the Foundation's non-current liabilities for the fiscal year ended December 31, 2020:

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Business-Type Activities					
Long-Term Advances from The					
College Direct Placement	\$ 580,343	\$ -	\$ -	\$ 580,343	\$ 200,000
Enterprise Center Revenue Bonds					
Direct Borrowings	655,002	-	170,004	484,998	175,002
Gift Annuity	<u>117,065</u>	<u>-</u>	<u>73,698</u>	<u>43,367</u>	<u>9,750</u>
Total Non-Current Liabilities	<u>\$ 1,352,410</u>	<u>\$ -</u>	<u>\$ 243,702</u>	<u>\$ 1,108,708</u>	<u>\$ 384,752</u>

Advances from College of Central Florida, Direct Placement—During December 2003, the Foundation agreed to legally obligate itself to the College in the form of an uncollateralized, non-interest bearing advance to assist with unfunded debt service and operating costs associated with College Square, the student housing complex constructed by the Foundation in 1994. The cumulative total of these advances totaled \$1,180,343, of which the Foundation and the College worked out a repayment plan and began repayment in 2014, the date that the long-term debt associated with the project is paid in full. During 2020, the Foundation imputed interest on the balance outstanding at the rate of 3.25%, the prime rate at December 31, 2020.

Following is a debt service schedule of these advances for the year ended December 31, 2020:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 200,000	\$ -	\$ 200,000
2022	100,000	-	100,000
2023	100,000	-	100,000
2024	<u>180,343</u>	<u>-</u>	<u>180,343</u>
Total Debt Service	<u>\$ 580,343</u>	<u>\$ -</u>	<u>\$ 580,343</u>

Enterprise Center Revenue Bonds, Direct Borrowing—In May 2003, the Foundation issued tax-exempt Industrial Development Revenue Bonds, Series 2003 A1 with a 20-year maturity through the Florida Development Finance Corp. to construct a 25,400 sq. ft. office building known as the Enterprise Center for lease on the Ocala campus of the College. The bonds were refinanced in 2010 for \$1,800,000.

Amount of Bonds Refinanced	\$1,800,000
Amount of Bonds Issued	\$2,000,000
	Interest Rate 4.125% fixed for five years; adjusted to 4.2% in June 2015, the rate was adjusted to 3.83% in June 2020.
Repayments Terms	Monthly Payments of Principal and Interest.
Security	First mortgage on real property consisting of 25,400 sq. ft. office building; first lien on personal property; assignments of rent, contracts, and leases.
Bondholder	MidFlorida Credit Union

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Following is a debt service schedule of the bonds to maturity based on the rate in effect for the year ended December 31, 2020:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 170,004	\$ 15,804	\$ 185,808
2022	170,004	9,202	179,206
2023	144,990	2,644	147,634
Total Debt Service	\$ 484,998	\$ 27,650	\$ 512,648

Note 11 - Operating Lease

The Foundation leases utility and maintenance services from the College. Utility and maintenance expense under the lease agreement for the year ended December 31, 2020, was \$212,891.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 219,278
2022	225,857
2023	232,632
2024	239,611
Total	\$ 917,378

Note 12 - Insurance Policies

The Foundation is the owner of three life insurance policies that have cash surrender values totaling \$36,699.

Note 13 - Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation or College carries commercial insurance. Insurance against losses are provided through the Florida Community College Risk Management Consortium and others for the following types of risk:

Workers' Compensation
Liability

Property Damage
Health

Note 14 - Annual Fund and Major Gifts Campaign

The Foundation, at the request of the College, conducts an annual fund campaign to support growth beyond the traditional revenue sources.

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Pledges received for temporarily restricted purposes are recorded when made by the donor, less an uncollectible allowance. Pledge receivable activity is summarized as follows:

Pledges Receivable, December 31, 2019, Gross	\$ 210,000
Additions	19,341
Payments Received	(74,105)
Current-Year Write-Offs	<u>(236)</u>
Pledges Receivable, December 31, 2020, Gross	155,000
Allowance for Uncollectible Pledges	(10,616)
Discount to Net Present Value	<u>(7,188)</u>
Pledges Receivable, December 31, 2020	<u><u>\$ 137,196</u></u>

Shown in the financial statements as:

Current	\$ 44,384
Non-Current	<u>92,812</u>
Total	<u><u>\$ 137,196</u></u>

All contributions and pledges received for the annual fund and capital campaigns are recorded in the restricted operating account since the Foundation is obligated to spend the resources in accordance with the restrictions imposed by the donors.

Note 15 - COVID-19

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories, and quarantining of people who may have been exposed to the virus. At this point, we cannot reasonably estimate the duration and severity of this pandemic.

SUPPLEMENTARY INFORMATION

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF NET POSITION BY ACCOUNT
DECEMBER 31, 2020

	Enterprise Fund						
	Operating		Endowment Account	Museum Collection Account	Student Housing Account	Enterprise Center Account	Total
	Unrestricted Account	Restricted Account					
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 2,003,926	\$ 2,928,510	\$ -	\$ -	\$ 734,400	\$ 79,796	\$ 5,746,632
Bequest Receivable	-	250,000	750,000	-	-	-	1,000,000
Pledges Receivable, Current Portion, Net	-	44,384	-	-	-	-	44,384
Prepaid Expenses and Other Current Assets	61,706	-	35,452	-	250	6,026	103,434
Total Current Assets	<u>2,065,632</u>	<u>3,222,894</u>	<u>785,452</u>	<u>-</u>	<u>734,650</u>	<u>85,822</u>	<u>6,894,450</u>
Capital Assets, Net							
Capital Assets Not Being Depreciated	345,851	-	-	17,240,367	459,640	-	18,045,858
Capital Assets Being Depreciated, Net	-	-	-	-	1,526,115	1,725,568	3,251,683
Total Capital Assets, Net	<u>345,851</u>	<u>-</u>	<u>-</u>	<u>17,240,367</u>	<u>1,985,755</u>	<u>1,725,568</u>	<u>21,297,541</u>
Non-Current Assets							
Cash and Cash Equivalents - Endowment	-	-	1,447,913	-	-	-	1,447,913
Investments	1,935,777	-	83,337,719	-	-	-	85,273,496
Investments - Gift Annuity	-	-	170,910	-	-	-	170,910
Charitable Remainder Trusts	-	-	36,074	-	-	-	36,074
Cash Surrender Value of Life Insurance	-	-	36,699	-	-	-	36,699
Interfund Advances	198,625	11,631	(210,256)	-	-	-	-
Pledges Receivable, Non-Current Portion, Net	-	92,812	-	-	-	-	92,812
Total Non-Current Assets	<u>2,134,402</u>	<u>104,443</u>	<u>84,819,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,057,904</u>
Total Assets	<u>\$ 4,545,885</u>	<u>\$ 3,327,337</u>	<u>\$ 85,604,511</u>	<u>\$ 17,240,367</u>	<u>\$ 2,720,405</u>	<u>\$ 1,811,390</u>	<u>\$ 115,249,895</u>

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF NET POSITION BY ACCOUNT
DECEMBER 31, 2020

	Enterprise Fund						
	Operating		Endowment Account	Museum Collection Account	Student Housing Account	Enterprise Center Account	Total
	Unrestricted Account	Restricted Account					
LIABILITIES							
Current Liabilities							
Accounts Payable and Accrued Expenses	\$ 88,316	\$ -	\$ 58,745	\$ -	\$ 41,210	\$ 24	\$ 188,295
Scholarships Payable	-	56,646	180,033	-	-	-	236,679
Escrow - Housing Deposits	-	-	-	-	35,327	-	35,327
Unearned Revenue	29,348	-	-	-	-	-	29,348
Current Portion of Advances from College of Central Florida	-	-	-	-	200,000	-	200,000
Current Portion of Gifts Annuity Payable	-	-	9,750	-	-	-	9,750
Current Portion of Bonds Payable	-	-	-	-	-	170,004	170,004
Total Current Liabilities	117,664	56,646	248,528	-	276,537	170,028	869,403
Long-Term Liabilities							
Long-Term Portion of Advances from College of Central Florida	-	-	-	-	380,343	-	380,343
Gift Annuity Payable	-	-	33,617	-	-	-	33,617
Bonds Payable, Less Current Portion	-	-	-	-	-	314,994	314,994
Total Long-Term Liabilities	-	-	33,617	-	380,343	314,994	728,954
Total Liabilities	\$ 117,664	\$ 56,646	\$ 282,145	\$ -	\$ 656,880	\$ 485,022	\$ 1,598,357
Deferred Inflows of Resources							
Charitable Remainder Trusts	\$ -	\$ -	\$ 36,074	\$ -	\$ -	\$ -	\$ 36,074
Gift Annuity	-	-	127,698	-	-	-	127,698
Total Deferred Inflows of Resources	\$ -	\$ -	\$ 163,772	\$ -	\$ -	\$ -	\$ 163,772
NET POSITION							
Net Position							
Net Investment in Capital Assets	\$ 345,851	\$ -	\$ -	\$ 17,240,367	\$ 1,985,755	\$ 1,240,570	\$ 20,812,543
Restricted:							
Non-Expendable	-	-	72,213,145	-	-	-	72,213,145
Expendable	-	3,270,691	-	-	-	-	3,270,691
Unrestricted:							
Undesignated	2,114,591	-	-	-	77,770	85,798	2,278,159
Board Designated	1,967,779	-	12,945,449	-	-	-	14,913,228
Total Net Position	\$ 4,428,221	\$ 3,270,691	\$ 85,158,594	\$ 17,240,367	\$ 2,063,525	\$ 1,326,368	\$ 113,487,766

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Fund						
	Operating			Museum	Student	Enterprise	
	Unrestricted	Restricted	Endowment	Collection	Housing	Center	
	Account	Account	Account	Account	Account	Account	Total
Operating Revenue							
Private Contributions	\$ 94,240	\$ 1,783,444	\$ -	\$ 6,000	\$ -	\$ -	\$ 1,883,684
Change in Pledges Receivable	-	6,083	-	-	-	-	6,083
Rental Income and Fees	11,800	-	-	-	700,773	254,896	967,469
Investment Income	111,707	565	6,615,791	-	991	-	6,729,054
Special Events	75,777	555	-	-	-	-	76,332
Support from College of Central Florida	332,901	-	-	-	18,861	-	351,762
Total Operating Revenue	626,425	1,790,647	6,615,791	6,000	720,625	254,896	10,014,384
Operating Expenses							
Program Services:							
Donor Relations	162,114	858	-	-	-	-	162,972
Institutional Support	219,647	1,386,033	500,000	-	-	-	2,105,680
Scholarships	-	126,715	548,227	-	68,185	-	743,127
Academic Program Support	-	-	505,452	-	-	-	505,452
Special Events	34,002	-	-	-	-	-	34,002
Student Housing	-	-	-	-	575,349	-	575,349
Enterprise Center	-	-	-	-	-	294,705	294,705
Total Program Services	415,763	1,513,606	1,553,679	-	643,534	294,705	4,421,287
Supporting Services							
General Administration	722,283	710	967	-	450	-	724,410
Total Support Services	722,283	710	967	-	450	-	724,410
Total Operating Expenses	1,138,046	1,514,316	1,554,646	-	643,984	294,705	5,145,697
Operating Income (Loss)	\$ (511,621)	\$ 276,331	\$ 5,061,145	\$ 6,000	\$ 76,641	\$ (39,809)	\$ 4,868,687

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Fund						Total
	Operating		Endowment Account	Museum Collection Account	Student Housing Account	Enterprise Center Account	
	Unrestricted Account	Restricted Account					
Non-Operating Revenue (Expense)							
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ (18,861)	\$ (23,661)	\$ (42,522)
Total Non-Operating Revenue (Expense)	-	-	-	-	(18,861)	(23,661)	(42,522)
Change in Net Position Before Endowment							
Contributions and Transfers	(511,621)	276,331	5,061,145	6,000	57,780	(63,470)	4,826,165
Endowment Contributions and Transfers							
Private Endowment Contributions	-	-	5,797,812	-	-	-	5,797,812
Interfund Transfers	504,424	58,272	25,468	-	200,000	167,899	956,063
Endowment Reinvestment Fees	-	-	(956,063)	-	-	-	(956,063)
Total Endowment Contributions and Transfers	504,424	58,272	4,867,217	-	200,000	167,899	5,797,812
Change in Net Position	(7,197)	334,603	9,928,362	6,000	257,780	104,429	10,623,977
Net Position, Beginning of Year	4,435,418	2,936,088	75,230,232	17,234,367	1,805,745	1,221,939	102,863,789
Net Position, End of Year	\$ 4,428,221	\$ 3,270,691	\$ 85,158,594	\$ 17,240,367	\$ 2,063,525	\$ 1,326,368	\$ 113,487,766

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF
THE UNITED STATES**

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

Board of Directors
College of Central Florida Foundation, Inc.

We have audited, 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, the financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated April 30, 2021.

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) as a basis for designing 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 Foundation'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Board of Directors
College of Central Florida Foundation, Inc.

**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**

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, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 30, 2021
Ocala, Florida