
2020

Santa Fe College Foundation, Inc.

**Financial Statements
and Independent Auditor's Report**

December 31, 2020

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**SANTA FE COLLEGE
FOUNDATION, INC.**

GAINESVILLE, FLORIDA

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Santa Fe College Foundation, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Santa Fe College Foundation, Inc. (the Foundation), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Santa Fe College Foundation, Inc.
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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 net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

■ **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

■ **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-13 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 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.



May 12, 2021
Gainesville, Florida

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

Mission, Organization, and Major Program Activities

Our Mission

Santa Fe College Foundation inspires, cultivates, and assists private donors to enrich Santa Fe College Students and our community through scholarships, program enhancements, and facilities support.

The Santa Fe College Foundation and its Board are committed to meeting the objectives of its mission. Over the past year, the Foundation has engaged in numerous activities and projects aimed at identifying and motivating donors who are in a position to provide financial resources for the benefit of the students of Santa Fe College (the College).

The Foundation sponsored the following events during the year:

- Annual Starke/Bradford County “State of the College” luncheon
- Various Tours of Campus designed to engage donors and potential donors
- Numerous luncheons, dinners and receptions to facilitate outreach to potential donors using their existing connections to the various programs and activities at the College
- Numerous Zoo events

During 2020, the Foundation was involved in the following fund-raising campaigns:

- The take-a-seat campaign which was started in 2011 continues at a steady pace.
- Our work over the previous decades brought us to the attention of MacKenzie Scott. In December 2020, she donated \$40,000,000.

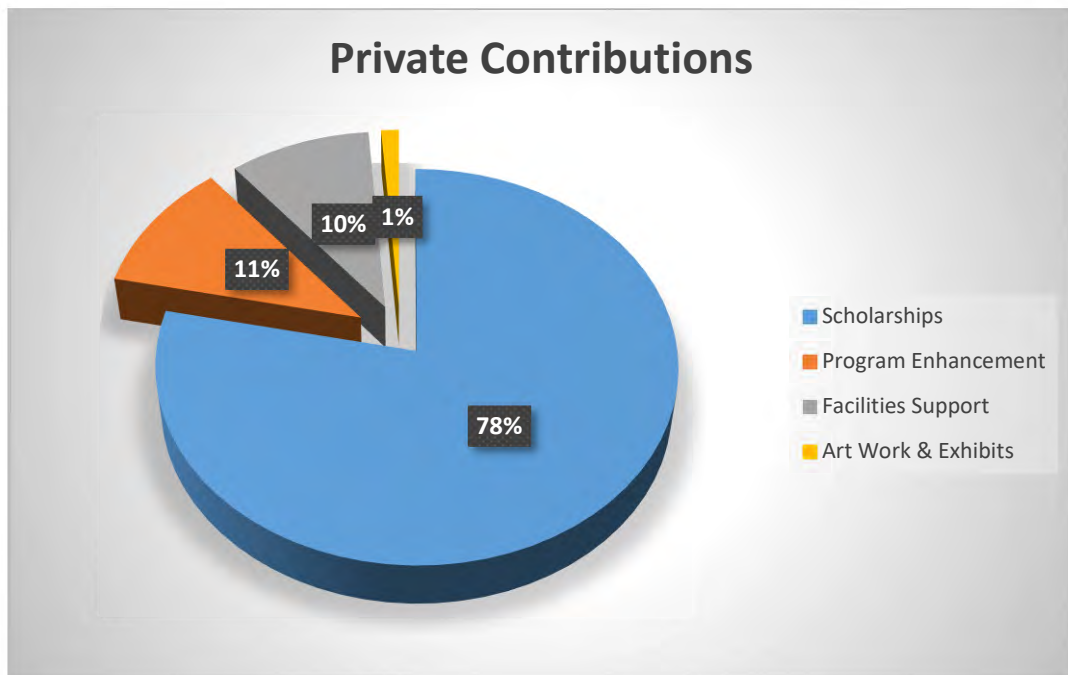
Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

During 2020, the Foundation ACCOMPLISHED THE FOLLOWING:

- After the need to work remotely due to COVID-19, the Foundation set employees and Board Members up with Zoom accounts in order to maintain regular communication with Board Members.
- Continued to pursue investment opportunities like the Planned Furnishings Property to further the Foundation's Goals.
- In February 2020, we welcomed Dr. Brodie to Santa Fe College as the new President. We worked with him throughout 2020 to ensure that the Foundation can continue to successfully support the College.

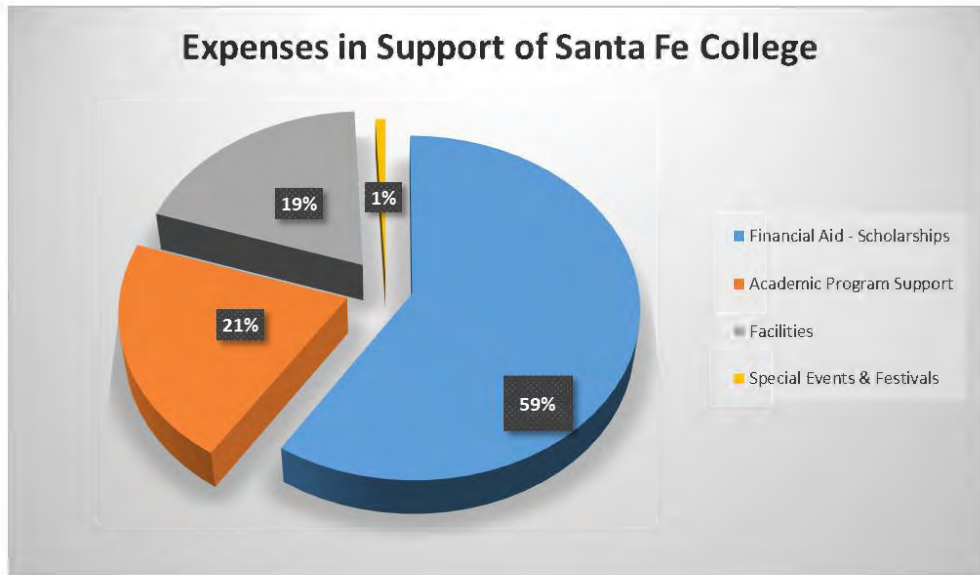
During 2020, the following amounts were raised in support of scholarships, program enhancement, and facilities support:



Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

During 2020, the following expenses were made on behalf of the College:



Overview of the Financial Statements and Financial Analysis

The Santa Fe College Foundation, Inc. (the Foundation) presents its financial statements for the fiscal year ended December 31, 2020, which include for comparative purposes the fiscal year ended December 31, 2019. As a reflection of the Board's ongoing commitment to financial management excellence, the Foundation has received an unmodified opinion on our financial statements from Purvis, Gray and Company, LLP the Foundation's outside auditors. To help the reader understand the Foundation's financial results, position, and condition, the following analysis addresses the relevance of particular balances and amounts as well as major changes in types and/or amounts of assets, liabilities, costs, revenues, obligations, and outlays.

The Foundation is a direct support organization and component unit of Santa Fe College (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB) and is considered a Business-type Activity.

The objective of Management's Discussion and Analysis is to focus on current activities, resulting changes, and currently known facts to provide the reader with an overall summary of the accompanying financial statements. These comments should be read in conjunction with the basic financial statements and the accompanying notes.

The financial statements include the following:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows
- Notes to Financial Statements

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

Financial Highlights

- The Foundation's net position increased by \$41,808,766 due to net operating income of \$39,725,386 net deletions/additions to endowment and capital assets totaling \$336,758 and net non-operating income of \$1,746,622. The non-operating income resulted from unrealized gains on investments in the amount of \$1,746,622. This represented an increase of 72.7% in net position over the prior year.

Five Year Growth in Total Assets and Net Position



- The Foundation's total assets increased by \$41,614,145 as a result of last year's activities. Capital assets not held in endowments or as investments amounted to \$8,316,047 and permanent endowments amounted to \$35,295,245.
- The Foundation received contributions and generated income in the amount of \$41,808,766 in support of the various programs at the College. In addition to scholarships and program support, an additional \$1,592,401 was added to permanent endowments during the year.
- The Foundation provided scholarships totaling \$845,758 to students attending Santa Fe College.

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020



Statement of Net Position

The purpose of the Statement of Net Position is to present the Foundation's financial condition as of the end of the fiscal year. As such, it provides information necessary to determine the Foundation's ability to continue operations; how much it owes to vendors and trust beneficiaries; as well as a snapshot of net position and their availability for expenses by the Foundation in furtherance of its mission.

Santa Fe College Foundation, Inc.

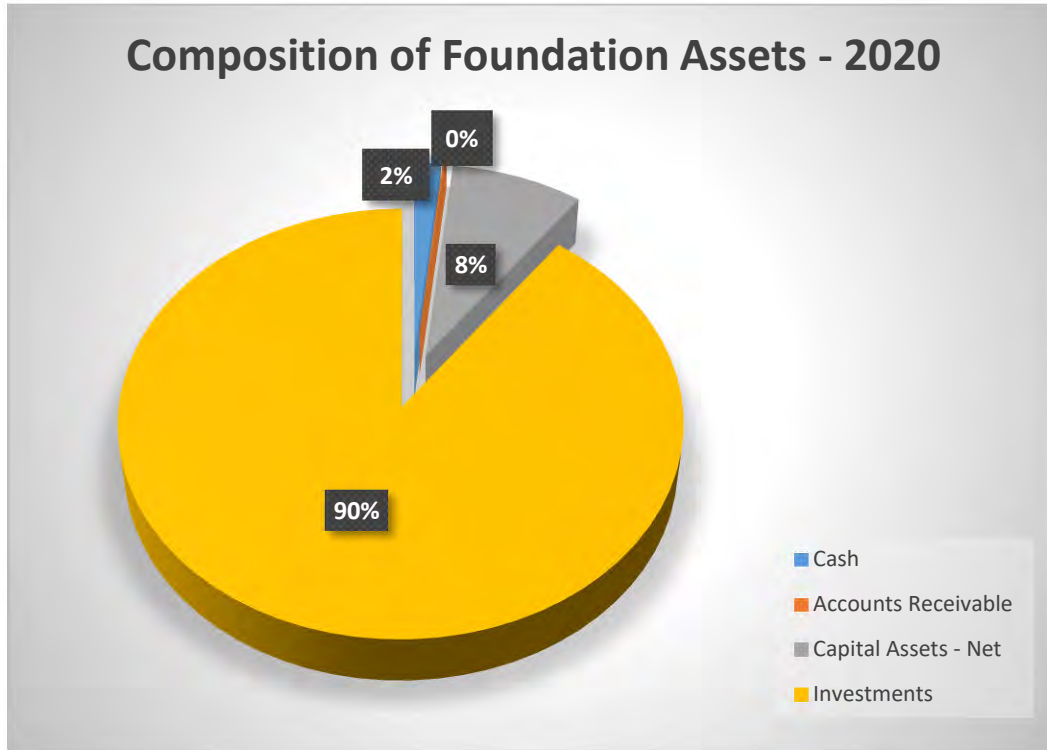
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Condensed Summary of Net Position Information as of December 31, 2020 (in thousands of dollars)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Assets				
Current Assets	\$64,270	\$22,581	\$41,689	184.62%
Non-current Assets:				
Capital Assets-Net	8,329	8,478	(149)	-1.76%
Investments	<u>27,958</u>	<u>27,884</u>	<u>74</u>	0.27%
Total Assets	<u><u>\$100,557</u></u>	<u><u>\$58,943</u></u>	<u><u>41,614</u></u>	70.60%
Liabilities				
Current Liabilities	533	440	93	21.14%
Non-current Liabilities	<u>304</u>	<u>342</u>	<u>(38)</u>	-11.11%
Total Liabilities	<u><u>837</u></u>	<u><u>782</u></u>	<u><u>55</u></u>	7.03%
Deferred Inflows of Resources				
Split-Interest Agreements	<u>436</u>	<u>686</u>	<u>(250)</u>	-36.44%
Net Position				
Net Investment in				
Capital Assets	8,316	8,478	(162)	-1.91%
Permanent Endowments	35,295	33,703	1,592	4.72%
Restricted-Expendable	14,666	14,107	559	3.96%
Unrestricted	<u>41,007</u>	<u>1,187</u>	<u>39,820</u>	3354.68%
Total Net Position	<u><u>99,284</u></u>	<u><u>57,475</u></u>	<u><u>41,809</u></u>	72.74%
Total Liabilities Deferred Inflows and Net Position	<u><u>100,557</u></u>	<u><u>58,943</u></u>	<u><u>41,614</u></u>	70.60%

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

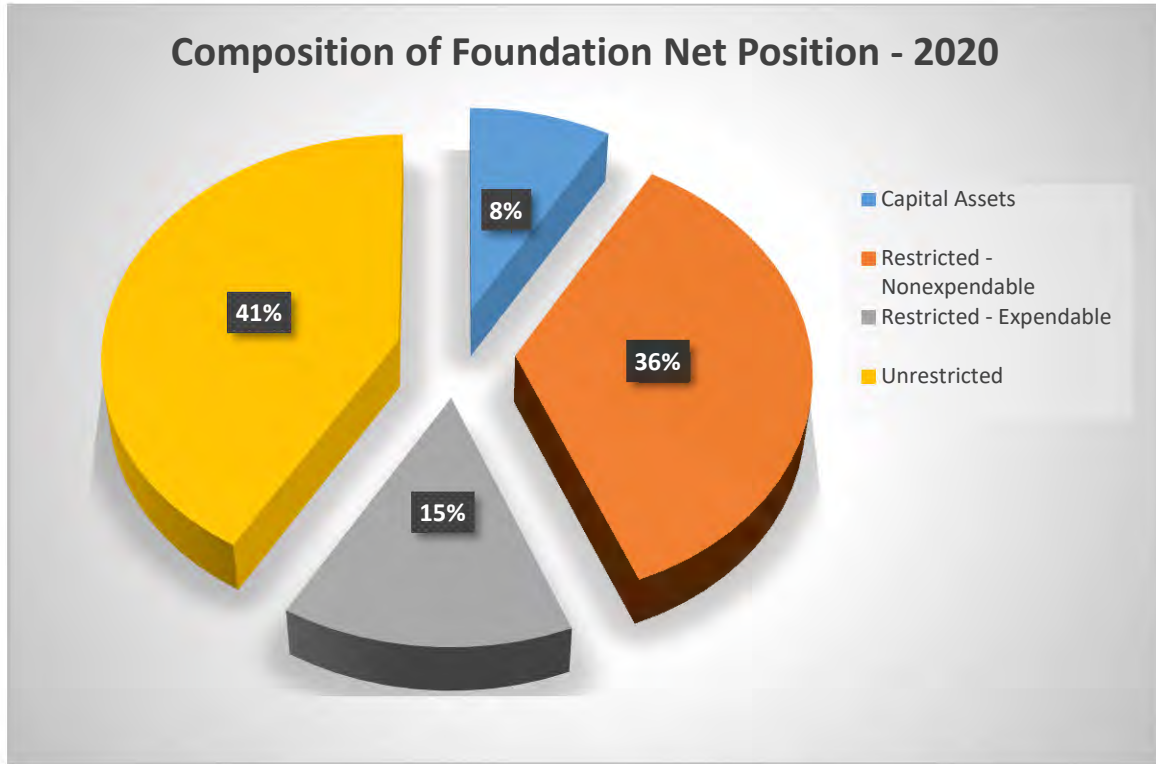


Total assets increased last year by \$41,614,145 to a total of \$100,556,954. This increase was the result of the net increase in endowment accounts in the amount of \$763,407 and an increase in the amount and carrying value of investments of \$1,746,622, a small increase in cash of \$590,335, and a net decrease in capital assets of \$148,809. In addition, rents and accounts receivable increased by \$72,347 and inter-account receivables increased by \$73,999. Total assets consist primarily of investments, which make up 90% of total assets and capital assets, which make up 8%. These amounts reflect the three primary activities of the Foundation in the areas of scholarships, program enhancement, and facilities.

Total liabilities amounted to \$836,767, the majority of which relates to annuity trust obligations resulting from charitable gifts. Deferred inflows in the amount of \$435,866 represents the sum of the present value of the annuity trust obligations and the amount of the calculated remainder interest, which is now classified as a deferred inflow. The balance of the liabilities consists of monthly accounts payable and inter-fund borrowings.

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020



Changes in Net Position

Net position increased last year by \$41,808,766. This increase was due to net operating income of \$39,725,386, additions to endowments and capital assets of \$763,407, and unrealized investment gains during the year of \$1,746,622. The funds contributed for endowments are designated by the donors to be placed in permanent endowments, the earnings from which can be used to fund scholarships or other program enhancements such as equipment.

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

Condensed Summary of Revenues, Expenses, and Changes in Net Position

for the Year Ended December 31, 2020

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues				
Operating	\$ 41,592	\$ 3,524	\$ 38,068	1080.25%
Non-operating	1,747	4,247	(2,500)	58.87%
Capital Additions	337	3,776	(3,439)	-91.08%
Total Revenues	<u>\$ 43,676</u>	<u>\$ 11,547</u>	<u>\$ 32,129</u>	<u>1048.04%</u>
Expenses				
Operating	<u>(1,867)</u>	<u>(2,330)</u>	<u>463</u>	<u>3.28%</u>
Total Expenses	<u>(1,867)</u>	<u>(2,330)</u>	<u>463</u>	<u>3.28%</u>
Changes in Net Position	<u>\$ 41,809</u>	<u>\$ 9,217</u>	<u>\$ 32,592</u>	<u>1051.32%</u>

Changes in Support and Revenue

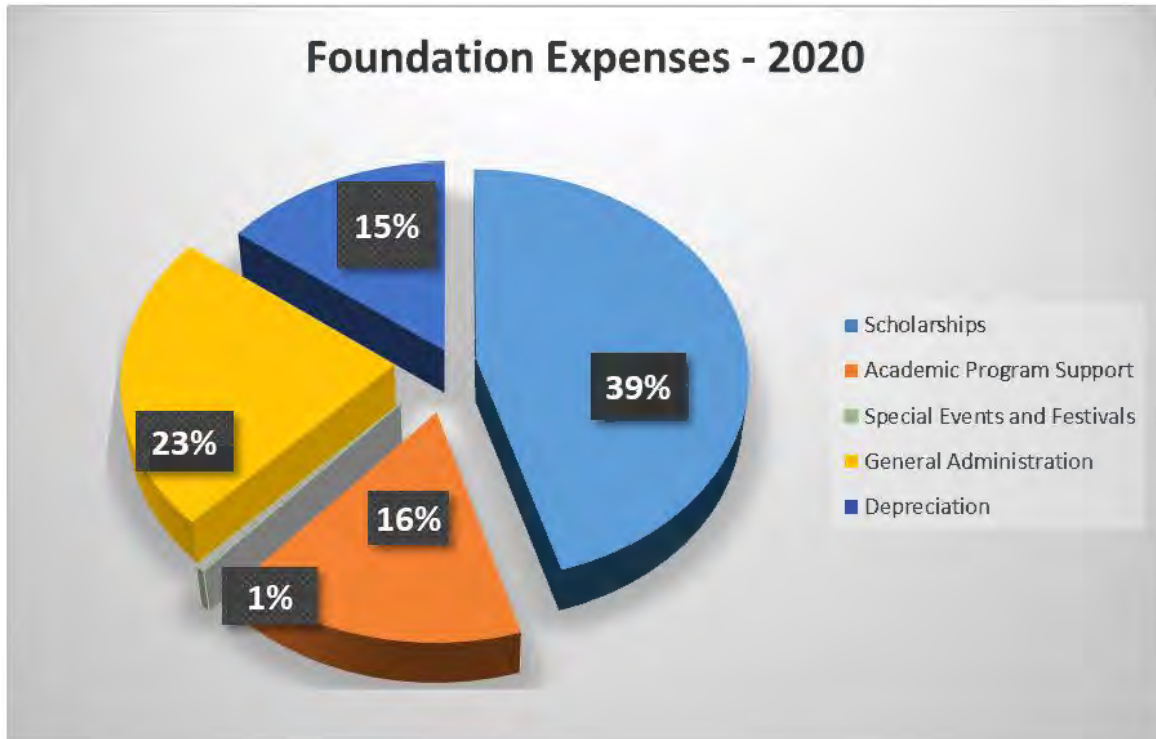
Operating revenue increased by \$38,067,679 an increase of 1,080% over the prior year. Capital contributions decreased by \$3,439,430 or approximately 91.08% over the prior year.

There was a decrease in investment income of \$1,649,914 compared with the previous year. This past year the markets continued to experience an erosion in interest rate returns on investment grade bonds, which make up 90% of the fixed income investment portfolio. This amount does not reflect the adjustment for changes in market value of investments. An adjustment for changes in market value of the Foundation's investment portfolio of \$1,746,622 is reflected as non-operating income and is made up of unrealized gains on securities and real estate investments. These market adjustments are reflected as non-operating income or non-operating loss in the year in which they are recorded and do not impact cash flow or the cash return on investments.

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

Changes in Expenses



The Foundation's operating expenses consist primarily of direct expenditures in support of the College and direct transfers to the College in support of capital projects in years when those transfers are appropriate. Of the \$1,866,733 in total operating expenses and transfers for the past year, \$1,429,914 or approximately 62%, directly benefited the College as scholarship, program, capital or special event, and festival expenses. An additional \$275,173 of expenses results from depreciation of buildings used by the College as classrooms and administrative offices. This brings expenses for the direct or indirect benefit of the College to 77% of total expenses, which is 6% lower than the previous year.

Statement of Cash Flows

Total cash provided by operating activities amounted to \$39,961,477 for the past year, compared to total cash provided of \$1,571,212 in the previous year.

Cash flows used in investing activities amounted to \$39,369,705 this past year, compared to cash used of \$1,425,963 in the previous year. The Foundation invests almost all of its cash contributions as endowed or capital investments; this category is a direct reflection of the level of cash contributions in any one year, the related investment and/or construction activity, and the change in interest rates.

Cash flows earned from capital and related financing activities amounted to \$1,437 this past year, compared to \$21,545 used in the previous year.

Santa Fe College Foundation, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

Economic Factors That Will Affect the Future

The COVID-19 outbreak in the United States has resulted in several significant impacts on the Foundation and its operations. On March 16, 2020, the Board of Trustees of Santa Fe College made the decision to cease on-campus instruction and move academic instruction online. This included a directive for all employees, both instructional and non-instructional, to work from home in accordance with CDC recommendations. As a supporting organization of Santa Fe College, all Foundation employees were required to adhere to this directive.

In July 2020, Foundation employees returned to working in the office after making changes to our operations based on guidance from the CDC, the Florida Department of Health, and local emergency management agencies. Although everything has not returned to normal, the day to day operations of the Foundation are continuing without interruption.

The Foundation has also been restricted, due to social distancing protocols, in its ability to raise funds through in-person donor interaction and the use of special events and activities. While these restrictions are challenging, the timing coincides with the completion of a major fundraising campaign, transition to a new president for the college and the natural pause these two events create, which minimizes the impact for the long term.

While there is no way to determine the impact of the COVID-19 pandemic on demand for student Scholarships, the Foundation is positioned to meet the anticipated pre-pandemic demand.

Charitable giving is affected by many factors including the general state of the economy, the health of the stock market and prospective donors' perception of the benefiting organization. The College has historically enjoyed a positive reputation in the communities it serves. While economic factors do affect charitable giving in general, the Foundation has a history of very steady growth regardless of changes in these factors.

Acknowledgments

The preparation of this report could not be accomplished without the dedicated service of the entire staff of the Santa Fe College Foundation. Each member of the staff has our sincere appreciation for the contributions made in the preparation of this report.

In closing, appreciation is extended to the Foundation Board of Directors for their continued commitment to the highest ethical standards in financial reporting and disclosure, and their support and encouragement for management and staff.

Respectfully submitted,



Charles W. Clemons, Sr.
Treasurer



C. Michael Curry, CPA
Assistant Treasurer

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020

	2020				2019	
	Business-Type Activities					
	Operating					
	Unrestricted Account	Restricted Account	General Plant Account	Endowment Account	Total Fund	Total Fund
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 53,491	\$ 1,334,823	\$ -	\$ 273,102	\$ 1,661,416	\$ 1,071,081
Accounts and Rents Receivable	65,044	37,901	-	-	102,945	30,598
Inter-Account Receivable	-	436,859	-	-	436,859	362,860
Investments - Current Portion	29,751,765	9,120,598	-	23,195,948	62,068,311	21,116,369
Total Current Assets	29,870,300	10,930,181	-	23,469,050	64,269,531	22,580,908
Non-Current Assets						
Investments	11,583,772	4,548,010	-	11,826,195	27,957,977	27,883,646
Capital Assets (Net)	-	-	8,329,446	-	8,329,446	8,478,255
Total Non-Current Assets	11,583,772	4,548,010	8,329,446	11,826,195	36,287,423	36,361,901
TOTAL ASSETS	41,454,072	15,478,191	8,329,446	35,295,245	100,556,954	58,942,809

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET POSITION
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Concluded)

	2020				2019	
	Business-Type Activities					
	Operating					
	Unrestricted Account	Restricted Account	General Plant Account	Endowment Account	Total Fund	Total Fund
LIABILITIES						
Current Liabilities						
Inter-Account Payable	\$ 436,859	\$ -	\$ -	\$ -	\$ 436,859	\$ 362,860
Accounts Payable	10,534	19,518	13,399	-	43,451	8,186
Annuity Trust Obligations	-	52,709	-	-	52,709	68,221
Total Current Liabilities	447,393	72,227	13,399	-	533,019	439,267
Non-Current Liabilities						
Annuity Trust Obligations	-	303,748	-	-	303,748	341,622
Total Liabilities	447,393	375,975	13,399	-	836,767	780,889
Deferred Inflows of Resources						
Split Interest Agreements	-	435,866	-	-	435,866	686,365
NET POSITION						
Net Investment in Capital Assets	-	-	8,316,047	-	8,316,047	8,478,255
Restricted:						
Non-Expendable	-	-	-	35,295,245	35,295,245	33,702,844
Expendable	-	14,666,350	-	-	14,666,350	14,107,138
Unrestricted	41,006,679	-	-	-	41,006,679	1,187,318
Total Net Position	\$ 41,006,679	\$ 14,666,350	\$ 8,316,047	\$ 35,295,245	\$ 99,284,321	\$ 57,475,555

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020				2019	
	Business-Type Activities					
	Operating					
	Unrestricted Account	Restricted Account	General Plant Account	Endowment Account	Total Fund	Total Fund
OPERATING REVENUES						
Contributions:						
Cash and Investments	\$ 40,215,347	\$ 306,547	\$ -	\$ -	\$ 40,521,894	\$ 615,825
Investment Income	22,049	488,112	-	-	510,161	2,160,075
Rental Income and Fees	166,308	295,829	-	-	462,137	435,609
Program Income	-	97,927	-	-	97,927	134,312
Special Events and Festivals	-	-	-	-	-	178,619
TOTAL OPERATING REVENUE	40,403,704	1,188,415	-	-	41,592,119	3,524,440
OPERATING EXPENSES						
Program Services:						
Financial Aid – Scholarships	41,436	804,322	-	-	845,758	982,380
Academic Program Support	37,196	262,374	-	-	299,570	412,475
Special Events and Festivals	11,413	-	-	-	11,413	147,742
Fund Raising Expense	3,963	-	-	-	3,963	30,232
Total Program Services	94,008	1,066,696	-	-	1,160,704	1,572,829
Supporting Services:						
General Administration	432,856	-	-	-	432,856	392,975
Depreciation	-	-	273,173	-	273,173	365,108
Total Supporting Services	432,856	-	273,173	-	706,029	758,083
TOTAL OPERATING EXPENSES	526,864	1,066,696	273,173	-	1,866,733	2,330,912
OPERATING (LOSS) INCOME	39,876,840	121,719	(273,173)	-	39,725,386	1,193,528

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
FOR THE YEAR ENDED DECEMBER 31, 2020
(Concluded)

	2020				2019	
	Business-Type Activities					Total Fund
	Operating		General Plant Account	Endowment Account	Total Fund	
Unrestricted Account	Restricted Account					Total Fund
NON-OPERATING REVENUE (EXPENSE)						
Investment Gains (Losses)	\$ 26,522	\$ 1,720,100	\$ -	\$ -	\$ 1,746,622	\$ 4,247,239
TOTAL NON-OPERATING REVENUE (EXPENSES)	26,522	1,720,100	-	-	1,746,622	4,247,239
NET INCOME (LOSS) BEFORE CAPITAL ADDITIONS AND TRANSFERS	39,903,362	1,841,819	(273,173)	-	41,472,008	5,440,767
CAPITAL ADDITIONS (DELETIONS) AND TRANSFERS						
Endowment Principal Additions	-	-	-	763,407	763,407	3,755,838
Capital Additions	-	-	104,521	-	104,521	20,350
Cash Contribution to Santa Fe	-	(531,170)	-	-	(531,170)	-
Interfund Transfers	(84,001)	(751,437)	6,444	828,994	-	-
TOTAL CAPITAL ADDITIONS (DELETIONS) AND TRANSFERS	(84,001)	(1,282,607)	110,965	1,592,401	336,758	3,776,188
NET INCOME (LOSS) AFTER CAPITAL ADDITIONS (DELETIONS) AND TRANSFERS	39,819,361	559,212	(162,208)	1,592,401	41,808,766	9,216,955
NET POSITION, BEGINNING	1,187,318	14,107,138	8,478,255	33,702,844	57,475,555	48,258,600
NET POSITION, ENDING	<u>\$ 41,006,679</u>	<u>\$ 14,666,350</u>	<u>\$ 8,316,047</u>	<u>\$ 35,295,245</u>	<u>\$ 99,284,321</u>	<u>\$ 57,475,555</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
FOR THE YEAR ENDED DECEMBER 31, 2020
STATEMENT OF CASH FLOWS

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash Received from:		
Contributions from Donors, Grants, and Match Programs	\$ 40,449,547	\$ 645,480
Investment Income	510,161	2,160,075
Rental Income	462,137	435,609
Program Income	97,927	134,312
Other	-	178,619
Cash Disbursed for:		
Scholarship Awards	(845,758)	(982,380)
Program Expense	(299,570)	(412,475)
General Administration	(432,856)	(392,975)
Other	19,889	(195,053)
Total Cash Provided by Operating Activities	<u>39,961,477</u>	<u>1,571,212</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(1,437)	(21,545)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,437)</u>	<u>(21,545)</u>
Cash Flows from Investing Activities		
Purchases of Investments	(50,755,573)	(7,372,033)
Proceeds from Sales and Maturities of Investments	10,715,301	4,880,099
Endowment Contributions	763,407	1,147,885
Deferral of Cash Activity - Net Change in Deferred Inflows	(14,305)	10,095
Payments on Annuities and Split Interest Agreements	(78,535)	(92,009)
Net Cash (Used) by Investing Activities	<u>(39,369,705)</u>	<u>(1,425,963)</u>
Net Increase in Cash and Cash Equivalents	590,335	123,704
Cash and Cash Equivalents at Beginning of Year	1,071,081	947,377
Cash and Cash Equivalents at End of Year	<u>\$ 1,661,416</u>	<u>\$ 1,071,081</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Operating Income	\$ 39,725,386	\$ 1,193,528
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation Expense	273,173	365,108
Change in Assets and Liabilities		
(Increase) Decrease in Accounts and Rents Receivable	(72,347)	29,653
Increase (Decrease) in Accounts Payable	35,265	(17,077)
Net Cash Provided by Operating Activities	<u>\$ 39,961,477</u>	<u>\$ 1,571,212</u>
<u>Non-Cash Investing, Capital, and Financing Activities</u>		
Value of Stock Donated to Foundation	\$ -	\$ 50,280
Value of Capital Assets Donated to Foundation	122,066	17,100
Value of Investment Property Donated to Foundation	-	960,000
Unrealized Investment Gains (Losses)	1,746,622	4,316,674

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Santa Fe College Foundation, Inc. (the "Foundation") is a direct support organization of Santa Fe College (the "College") as provided for in Section 1004.70, Florida Statutes, and is considered a component unit of the College. The Foundation was formed in 1969 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their chosen field of study and to provide the College with funds and facilities to enhance the educational experience of students at the College.

During 2008, at the direction of the Florida Legislature, Santa Fe Community College changed its name to Santa Fe College, in anticipation of awarding four-year baccalaureate degrees in selected areas of study. As a result, the Santa Fe Community College Endowment Corporation, Inc. was required to change its name to conform to the College. During that process the Endowment Board elected to change the name of the Corporation from Endowment Corporation to Foundation.

Basis of Accounting

The Foundation's financial statements are prepared on the accrual basis of accounting; a method that measures the performance and position of an entity by recognizing economic events regardless of when cash transactions occur. These financial statements are entirely those of the Foundation and, accordingly, are not intended to present the financial position or the results of operations of the College. The Foundation was determined to be a "governmental entity" under guidance provided by the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Foundation was considered a special purpose governmental unit engaged exclusively in business-type activities.

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 purpose. All of the Foundation's financial activity is accounted for in a single business-type fund, which is broken down into the following sub-accounts:

Operating Account—includes unrestricted and restricted resources, representing 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 requiring that the principal be invested in perpetuity and that the income can only be used for scholarships and other designated program enhancement activities.

General Plant Account—consists of the net investment in land, buildings and equipment.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues

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

Operating Revenues—are comprised of expendable resources, including unrestricted and restricted contributions from donors, program revenues, un-endowed matching funds, and income from investments.

Non-Operating Revenues—includes investment gains and losses, and revenues derived from contributions restricted for capital additions or endowments.

Donor Restricted Endowments

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable 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.

In an effort to keep up with inflation, and increase scholarship award amounts when appropriate, the Foundation has a policy of periodically reviewing accumulated unspent earnings in each endowment with a goal of transferring a portion of those unspent earnings to the endowed fund balance.

Capital Assets

General Plant Account—Capital asset acquisitions intended to further the purposes of the Foundation and/or the College are accounted for in the General Plant Account under the account description "Capital Assets (Net)". These assets are recorded at cost, if purchased. Contributed property and equipment is recorded at estimated value, as determined by the donor or the Foundation, at the date of receipt. Assets capitalized have a useful life greater than one year and have an original cost of \$500 or greater. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, based on a 40-year useful life for buildings and a 5- to 7-year useful life for equipment.

Capital asset acquisitions intended for direct contribution to the College are recorded as expenditures in the Foundation's accounting records.

Cash and Cash Equivalents

Cash and cash equivalents represent unrestricted cash in checking and money market accounts and unrestricted certificates of deposit with original maturities of less than three months. The carrying amount of all cash deposits at December 31, 2020, was \$1,661,416 and the related bank balance was \$1,541,523. Cash deposits in excess of \$250,000 at individual financial institutions are uninsured and management does not consider this risk significant. Certain investments are held in brokerage house investment accounts that are not insured by the Federal Deposit Insurance Corporation.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is currently exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Foundation is not a private foundation. The Foundation is required to file a return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service.

In addition, the Foundation is subject to income tax on net income that is derived from activities that are unrelated to its exempt purposes. The Foundation files an exempt Organization Business Income Tax Return (Form 990-T) with the Internal Revenue Service to report its unrelated business taxable income. The Foundation is also required to file the State of Florida Corporate Income Tax Return (Form F-1120) to report its unrelated business taxable income.

Art Collection

Art acquisitions are recorded at cost if purchased or at estimated value on date of receipt if donated. Although the art collection has been capitalized it is considered inexhaustible and, therefore, not depreciable. See Note 3 for additional information.

Unamortized Film Costs

Costs associated with the production of video documentaries have been capitalized and are being amortized over ten years using the straight-line method. Film costs include all direct costs incurred in the physical production of a film, such as the costs of story and scenario (film rights to books, stage plays, or original screenplays); compensation of cast, directors, producers, and extras; costs of set construction, operations, and wardrobe; costs of sound synchronization; costs of rental facilities on location; and post production costs (music, special effects, and editing). They also include allocations of production overhead and capitalized interest costs where applicable.

Net Position

The Foundation's net position is classified as follows:

Net Investment in Capital Assets—represents the Foundation's total investment in capital assets, net of outstanding debt obligations related to those assets.

Restricted-Expendable—includes resources the Foundation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted-Non-Expendable—consists of endowment and similar type funds in which donors or 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.

Unrestricted—represents net position that is not restricted for any purpose and available for current operations.

Prior Year Total Columns

The financial statements include certain prior year summarized comparative information in total. Such information does not contain sufficient detail to constitute a presentation in conformity with generally accepted

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Fair Value of Financial Instruments

The Foundation did not hold any derivative instruments for trading purposes at December 31, 2020, and does not invest in derivative instruments. The carrying amount of cash, receivables, and payables approximates fair value.

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 occasionally 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.

Receivables

Receivables are recorded at their anticipated realizable balances. The provision for doubtful accounts is zero.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates also affect the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Definitions

Contracts—Contracts consist of agreements with outside entities whereby the Foundation agrees to provide certain educational services (usually through the College) for a contracted fee.

Grants—Grants consist of contractual arrangements with governmental or quasi-governmental entities, whereby the Foundation agrees to carry out certain activities as specified in the grant document. Grants differ from contracts in that they involve public monies and usually carry greater restrictions as to purpose and use.

Programs—Programs refer to various activities carried out by the Foundation that are not of a contractual nature. These activities may involve cooperation with various outside agencies or departments within the College or be directed solely by the Foundation. These activities are represented by separate funds in the Foundation's accounting records and may involve unrestricted resources, restricted resources, designated resources, or some combination of these funds.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 2 - INVESTMENTS

The Board of Directors, as the governing Board of the Foundation, is responsible for the management of the Foundation's investments and establishes investment policy through its Finance Committee.

Investments authorized by the Board include equity securities, fixed-income securities, and real estate. The equity portion of the investment portfolio may include both domestic and foreign, common and preferred stocks, actively managed and passive (index) strategies. The fixed-income portion of the investment portfolio may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The general investment policy of the Foundation is to apply the prudent person rule: investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

The Foundation charges administration fees equal to 15% of the total of Earnings, Dividends and Accrued Interest Paid earned by the Foundation's investments.

In December 2020, the Foundation received a \$40,000,000 donation from Mackenzie Scott as an Unrestricted Donation. These funds were invested in US Treasury Bills as of December 31, 2020. The Foundation will meet with its Board in early 2021 to develop a short-, medium-, and long-term plan for investment and spending.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 2 - INVESTMENTS (Continued)

The Foundation's investments at December 31, 2020, are reported as follows:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Third Party Or Internal Valuation Models (Level 3)
Equities, Bonds, Mutual Funds And Limited Partnerships				
Mutual Funds/Closed End Funds	\$ 330,357	\$ 330,357	\$ -	\$ -
Certificates of Deposit	991,065	991,065	-	-
Corporate Common Stocks	17,628,041	17,628,041	-	-
Corporate Preferred Stocks	3,396,107	-	3,396,107	-
Corporate Bonds	21,737,303	-	21,737,303	-
U.S. Federal Agency Bonds	39,999,837	-	39,999,837	-
Municipal Bonds	468,870	-	468,870	-
Limited Partnerships	<u>218,034</u>	<u>-</u>	<u>-</u>	<u>218,034</u>
Total Equities, Bonds, Mutual Funds And Limited Partnerships	<u>84,769,614</u>	<u>18,949,463</u>	<u>65,602,117</u>	<u>218,034</u>
Real Estate	<u>5,256,674</u>	<u>-</u>	<u>-</u>	<u>5,256,674</u>
Total All Investments	<u>\$ 90,026,288</u>	<u>\$ 18,949,463</u>	<u>\$ 65,602,117</u>	<u>\$ 5,474,708</u>

Mutual Funds and Corporate Common Stocks are valued based on prices quoted in active markets and are categorized as Level 1 in the fair value hierarchy. Corporate Preferred Stocks, Corporate Bonds, U.S. Federal Agency Bonds, and Municipal Bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. Real Estate is valued using a capitalization rate to determine fair value and is categorized as Level 3 in the fair value hierarchy. Limited Partnerships are also categorized as Level 3 in the fair value hierarchy.

	Current Year Unrealized Appreciation (Depreciation)	Fair Value
Mutual/Closed End Funds	\$ 3,751	\$ 330,357
Certificates of Deposit	3,991	991,065
Corporate Common Stocks	818,226	17,628,041
U.S. Government and Federal Agency Bonds	1,216	39,999,837
Corporate Preferred Stocks	129,134	3,396,107
Corporate Bonds	794,231	21,737,303
Municipal Bonds	(11,768)	468,870
Limited Partnerships	7,841	218,034
Real Estate	-	5,256,674
TOTAL	<u>\$ 1,746,622</u>	<u>\$ 90,026,288</u>

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 2 - INVESTMENTS (Continued)

Presented in the accompanying financial statements as:

	Fair Value
Operating Funds	\$ 55,004,145
Endowment Funds	35,022,143
TOTAL	\$ 90,026,288

There was \$1,746,622 in unrealized appreciation in the fair value of investments during the year ended December 31, 2020. The carrying value of investments at December 31, 2020, includes all material changes in fair value, including both realized and unrealized gains and losses that occurred both during the current year and previous years. The calculation of realized gains and losses is independent of the net unrealized appreciation or depreciation in the fair value of investments held at year-end.

The components of investment income and investment gains and (losses) consisted of the following for the year ended December 31, 2020:

Interest and Dividends Received	\$ 1,501,848
Rental Income and Fees	531,082
Net Realized Loss on Investments	(864,909)
Investment and Management Fees	(195,724)
Net Investment Income – Cash Flow	972,297
Unrealized Gains	1,746,623
Net Investment Income Reflected in the Statement of Revenues, Expenses, and Changes in Fund Net Position	2,718,920
Add Current Year Net Amounts Recorded as Deferred Inflows in the Statement of Net Position	(17,478)
Net Investment Income (Loss) – Total Return Basis	\$ 2,701,442

Total cash flow return, exclusive of unrealized gains and the Scott Donation, amounted to 1.96% and total investment return, representing the combined income plus net unrealized appreciation in the fair value of investments, for the year ended December 31, 2020, was 5.46%.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

Credit Risk—Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 2 - INVESTMENTS (Continued)

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example, Moody's Investors Services (Moody's) or Standard and Poor's (S&P). The lower a bond's rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default or fail to meet its payment obligation. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are not considered to have credit risk. In addition, certain investments, such as investment pools managed by other governments and investments in money market mutual funds cannot be categorized because the investments are not evidenced by specific, identifiable investment securities.

It is the policy of the Board to invest only in securities rated investment grade or higher. Those securities listed at below investment grade have been downgraded subsequent to purchase. In each case, the Board, through its Finance Committee, has determined that the downgraded security has a reasonable expectation of recovery and has elected to maintain its position.

The credit risk profile for securities at December 31, 2020, is as follows:

<u>Rating</u>	<u>% of Total Assets</u>	<u>Total</u>
Aaa/AAA	0.74%	\$ 663,519
Aa/AA	2.85%	2,566,375
A/A	10.90%	9,811,875
Baa/BBB	11.33%	10,202,707
Below Investment Grade	<u>1.78%</u>	<u>1,600,010</u>
Total Rated	<u>27.60%</u>	<u>24,844,486</u>
Government Backed	44.45%	40,025,044
Corporate Stocks	20.35%	18,318,571
Mutual Funds	0.37%	330,357
Corporate Bonds	0.06%	53,291
Preferred Stock	0.23%	206,800
Certificates of Deposit	1.10%	991,065
Real Estate	<u>5.84%</u>	<u>5,256,674</u>
Total Non-Rated	<u>72.4%</u>	<u>65,181,802</u>
Total Investments	<u>100.0%</u>	<u>\$ 90,026,288</u>

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

There is no custodial credit risk exposure for the Foundation. All investments are insured, registered, or held in the Foundation's name by the custodial bank as an agent for the Foundation.

Concentration of Credit Risk—Concentration of credit risk is the risk associated with a lack of diversification by having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 2 - INVESTMENTS (Concluded)

Investment Risk Factors (Concluded)

The Foundation's investment policy with respect to concentration of credit risk as it relates to fixed-income securities is to limit investment in any one issue to no more than 5% of the value of the entire portfolio. Currently, there are no single issues representing more than 2% of total portfolio value.

Interest Rate Risk—Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations.

The durations for the portfolio at December 31, 2020, are as follows:

<u>Maturity in Years</u>	<u>% of Total Assets</u>	<u>Total</u>
Less than 1	50.62%	\$ 42,912,243
1 to 2	2.39%	2,023,271
3 to 5	7.25%	6,147,563
6 to 10	9.51%	8,063,890
11 to 15	3.10%	2,632,001
16 to 20	0.66%	556,914
21 Plus	3.87%	3,279,464
None	22.60%	19,154,268
	<u>100.00%</u>	<u>\$ 84,769,614</u>

One of the ways the Foundation manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by assuring that cash flows from fixed-income investments are sufficient to meet the cash flow and liquidity needed for scholarship and program enhancement commitments. This is consistent with the Foundation's policy of buying and holding fixed-income securities until maturity.

The Foundation uses the moving average method of determining year to year spending in order to smooth distributions from the aggregate portfolio. This policy serves two purposes. First, it provides for more consistent and predictable spending for the programs supported by the Foundation. Second, it allows the Foundation to design an investment strategy that is more consistent with a higher expected average return over time than might be the case if spending were determined by annual investment performance.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 3 - CAPITAL ASSETS

Property, equipment, and art collection consists of the following:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2020</u>
Property, Plant and Equipment				
Capital Assets:				
Buildings and Improvements	\$ 10,647,648	\$ 108,257	\$ -	\$ 10,755,905
Capitalized Film Costs in Production	<u>1,004,645</u>	<u>-</u>	<u>-</u>	<u>1,004,645</u>
Non-Depreciable Assets				
Land	2,605,303	-	-	2,605,303
Art Collection	675,349	16,107	-	691,456
Equipment	<u>4,375</u>	<u>-</u>	<u>-</u>	<u>4,375</u>
Total Capital Assets	<u>14,937,320</u>	<u>124,364</u>	<u>-</u>	<u>15,061,684</u>
Less Accumulated Depreciation:				
Building and Improvements	(5,497,073)	(268,908)	-	(5,765,981)
Capitalized Film Costs	<u>(961,992)</u>	<u>(4,265)</u>	<u>-</u>	<u>(966,257)</u>
Total Accumulated Depreciation	<u>(6,459,065)</u>	<u>(273,173)</u>	<u>-</u>	<u>(6,732,238)</u>
Total Property, Plant and Equipment, Net	<u>\$ 8,478,255</u>	<u>\$ (148,809)</u>	<u>\$ -</u>	<u>\$ 8,329,446</u>

Provision has been made for depreciation of buildings and equipment, not held for investment, at straight-line rates, based upon estimated useful lives ranging from 3 to 40 years.

NOTE 4 - CHARITABLE GIFT AND REMAINDER ANNUITY TRUSTS

As of December 31, 2020, the Foundation holds a remainder interest in a number of Irrevocable Split-Interest Agreements in the form of Charitable Trusts and Gift Annuities. Under the terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 5% and 8% of the original principal of the trust, for life or for a term of years, depending on the terms of the agreement.

The present value of the annuity payment liabilities at December 31, 2020, have 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 Annuity Trust Obligations.

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

- a. Assets for resources received or receivable.
- b. A liability for the lead interest that is assigned to other beneficiaries.
- c. A deferred inflow of resources for the government's unconditional remainder interest.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 4 - CHARITABLE GIFT AND REMAINDER ANNUITY TRUSTS (Concluded)

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 (the stream of payments that is expected to be provided to the other beneficiaries) as measured by an evaluation technique that incorporates assumptions reflecting the specific provisions of the agreement. Those assumptions include: (a) the payment provisions of the agreement, (b) the estimated rate of return of the assets, (c) the mortality rate (the term is life-contingent), and (d) the discount rate if a present value technique is used.

Once the remainder interest is considered a Foundation asset, contribution revenue will be recognized.

NOTE 5 - RESTRICTED NET POSITION

Restricted revenues are recorded as revenue when received by the donor and segregated by net position classification. *Restricted net position*—includes all funds where the Foundation is legally or contractually obligated to spend the resources in accordance with restrictions imposed by the donor. The expense is recognized when incurred with a corresponding reduction in the net position restriction.

Restricted Net Position is classified for the following purposes at December 31, 2020:

Scholarships	\$ 3,197,309
Program Enhancement	1,784,586
Equipment	913,363
Capital Assets	<u>1,661,302</u>
Total Restricted Net Position before Adjustments for Cumulative Unrealized Gain on Investments	7,556,560
Cumulative Unrealized Gain on Investments	<u>7,109,790</u>
Restricted Net Position	<u>\$ 14,666,350</u>

NOTE 6 - MATCHING FUNDS PROGRAMS

Dr. Philip Benjamin Matching Grant Program—Prior to 2008, the Foundation received matching funds from the Dr. Philip Benjamin Matching Grant Program. This program provided matching funds for every \$1.00 of private contributions received by the Foundation. The amount of matching funds received was dependent on the intended use of the private contributions. Under the guidelines of this program, the State provided \$1.00 in match for every dollar raised for scholarships. These scholarship funds may be endowed. Contributions received for the purchase of equipment or other program enhancements were matched \$0.67 for every private dollar raised and may be endowed or spent for the intended purpose.

The availability of matching funds is dependent on legislative funding each year. State matching funds will be recognized as revenue when received.

Ethics in Business Match Program—The Foundation for Florida’s Community Colleges, Inc. provides 100% in matching funds for every private dollar contributed. Contributions and matching funds are not required to be endowed but must be used for scholarships in business education. The Foundation did not receive any matching funds from this program in 2020.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 7 - SCHOLARSHIP EXPENSE

A summary of scholarship expense follows:

Charles L. Blount Scholarship	\$	78,917
Schwinn Trust Scholarship		73,095
AC/SFC Minority Scholarship		54,333
Patricia Blount Scholarship		39,583
SFC Employees/Dependents Scholarship		37,436
First Generation Scholarship		34,279
Florida Blue Scholarship		30,667
Veterans Bridge Scholarship		30,250
Daniel Grover Maico Commemorative Scholarship		27,500
Brightenbroke Scholarship		21,000
Foundation Source Scholarship		19,468
Athletic Scholarship		16,218
Henry Beck Scholarship		16,000
Pinkoson Family Scholarship		15,000
Al and Aggie Watson Scholarship		12,333
Helios First Generation Scholarship		12,177
Nursing Education Scholarship (FHCE)		11,000
Shands at AGH Scholarship		10,875
Women's Career and Technical Education Scholarship		10,815
Sabal Trail Community Scholarship		10,666
Evelyn L. Wenzel Memorial Scholarship		9,750
Dream Makers Scholarship		9,500
Farber Scholarship		9,500
General Scholarship		7,802
Finish at the Top Scholarship		7,474
BC/Andrews Minority Scholarship		7,416
Guy & Elizabeth Andrews Scholarship		7,283
Miscellaneous		7,157
O'Steen Family Scholarship		7,083
Arts & Sciences Scholarship		7,000
Nursing & Health Technician Scholarship		6,500
Roszel Trust - Scholarship Fund		6,250
Women of Distinction Scholarship		5,125
Joanie Beth Langford Memorial Scholarship		5,000
Kiwanis Club of Starke Scholarship		5,000
Mallini Family Scholarship		5,000
Faculty Professional Development Scholarship		4,600
Jones/Johnson Scholarship		4,583
Florence Smith Nursing Scholarship		4,250
Becky Reddish Memorial Scholarship		4,000
James Moore Memorial Scholarship		4,000
Lamar E. Crevasse Scholarship		3,500
Bussard Scholarship		3,300
Margaret Knapp Nursing Scholarship		3,250
Altrusa of Gainesville Scholarship		3,000
Bruce Walek Scholarship		3,000

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 7 - SCHOLARSHIP EXPENSE (Continued)

Civitan/Col. R. James Glikes Scholarship	\$	3,000
Davis Family Scholarship		3,000
Health Related Scholarship		3,000
Hudson Family Scholarship		3,000
Leo Hury Scholarship		3,000
Noah Jacob Rodkin Scholarship		3,000
Retail Sales Associate Scholarship		3,000
Richardson Scholarship		3,000
S. Clark Butler Scholarship		3,000
Sasser Family Scholarship		3,000
Shands at UF Health Related Scholarship		3,000
Thomas Plein Scholarship		3,000
Disney Animal Kingdom Scholarship		2,833
Lillian Stump Nursing/Health Related Scholarship		2,833
Roxanne Kelley Buehn Scholarship		2,666
B. Dianne Farb Health Ed. Scholarship		2,500
Brashear Nursing and Health Related Scholarship		2,500
Campus USA Credit Union Scholarship		2,500
Lee Family Scholarship		2,222
BC Riherd Public Health Nursing Scholarship		2,000
Frank Block Memorial Scholarship		2,000
Gilchrist County Endowed Scholarship		2,000
Hogue Family Scholarship		2,000
J. Ardene Wiggins Family Scholarship		2,000
J. W. Fordyce Scholarship		2,000
Jean Bronson Nursing Scholarship		2,000
Jeanne Johnson Scholarship		2,000
John Miller Scholarship		2,000
Laura Lopez Scholarship		2,000
Paul B. Hamlin Scholarship		2,000
PPI/Perry Construction Scholarship		2,000
Starke Rotary Scholarship		2,000
Knott Wershow Student Government Scholarship		1,833
Larry Noegel Memorial Scholarship		1,833
HVAC Scholarship		1,800
Alachua County Farm Bureau Scholarship		1,750
Verdell & Johnie Mae Harris Scholarship		1,750
J. Block Scholarship		1,650
Plus One Scholarship		1,583
Cecil and Christine Shannon Automotive Scholarship		1,500
Christa Hoyt Memorial Scholarship		1,500
Gainesville Charitable Foundation		1,500
Reverend Thomas A. Wright Scholarship		1,500
Shands at Starke Auxiliary Scholarship		1,500
Village Nursing Scholarship		1,500
Fiona Gott Memorial Scholarship		1,334
Charisma O'Connor Scholarship		1,100

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 7 - SCHOLARSHIP EXPENSE (Concluded)

Francis Watson Scholarship	\$	1,100
Patricia & Medford Connelly Scholarship		1,100
Phillip Baker Civitan Scholarship		1,100
Tara McDonald Scholarship		1,100
A.W. Fletcher Memorial Scholarship		1,000
Bradford County General Scholarship		1,000
Bryan and Angela Nazworth Scholarship		1,000
Gene Gerber Building Construction Scholarship		1,000
Gilchrist County Health Related Scholarship		1,000
Hitchcock Family Scholarship		1,000
James & Rena Swick Scholarship		1,000
Jody and Suellen Davis Scholarship		1,000
Lennie Kesi Art Scholarship		1,000
Mazdak Noorbakhsh Memorial Scholarship		1,000
Medical and Surgical Affiliates Scholarship		1,000
Norman K. Jensen Scholarship		1,000
Perry Building Construction Scholarship		1,000
Ron Carpenter Memorial Scholarship		1,000
The Spain Keep Your Eye Scholarship		1,000
Thomas A. Plein CTE Scholarship		1,000
Andreas Dinopolous Memorial Scholarship		750
Danielle Kramer Music Scholarship		750
Harry Dresser Scholarship		750
Career Service Book Scholarship		724
Student Ambassadors Scholarship		705
Ester Porter Lane Memorial Scholarship		550
Herron Health Care Scholarship		550
Hung-sen Wu Memorial Scholarship		550
Irene Zimmerman Memorial Scholarship		550
Morgan Nursing Scholarship		550
Athletic/Softball Scholarship		500
Christie Dental Hygiene Scholarship		500
Clay County Education Foundation Scholarship		500
International Education Scholarship		500
Joel and Stella Keen Scholarship		500
Nicolas Gonzales Scholarship		413
AACT Scholarship		275
Books for Students Scholarship		<u>119</u>
Total Scholarship Expenditures	\$	<u>845,758</u>

These amounts are paid to the College for the benefit of students attending the College.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 8 - CONTRACT, GRANT, AND PROGRAM EXPENSES

Program expenses consist of the following:

Aspen Prize	\$	40,575
Industrial Technology		38,944
General Scholarship		31,000
Roszel Trust Equipment Fund		25,158
Blount Auto Equipment		24,950
Springs Art Festival		19,875
SFC Nurse Equip Trust Fund		19,586
Softball Account		17,484
Miscellaneous Programs		15,500
Dental Instruct. Equip Enhancement		11,419
Athletic Program		11,398
Baseball Account		8,528
Volleyball Account		7,454
Student Affairs Emergency Fund		5,858
Edmund Brodie Trust		5,744
Alachua County Pub School		5,500
Women's Basketball		3,123
Athletic Enhancement		2,005
Graphic Design		700
Andrews Center Trust		630
Fine Arts Enhancement		610
Presiden'ts Expense Reimburse		548
General Enhancement		501
Lee Crane Account		500
Institute of Public Safety		470
Hitchcock Property Donation		399
Contingency - Program Expenses		339
DRC Disability Testing		300
Women of Distinction		240
Nursing Emergency Fund		<u>232</u>
Total Program Expenses	\$	<u>299,570</u>

NOTE 9 - MAJOR GIFT CAMPAIGNS

From time to time, the Foundation conducts major gift campaigns to raise funds for scholarships, program enhancement, and the construction of buildings to be used by the College. In many cases these campaigns result in pledges for contributions to be made over several years.

These pledges are structured as voluntary non-exchange transactions and cannot be recognized until the eligibility requirements are met. Therefore, pledges related to these campaigns are not recorded on the financial statements until the funds are received.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Continued)

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2020, were as follows:

Payable Fund	Receivable Fund	Amount
Operating Fund Unrestricted	Restricted Expendable	\$ 436,859
Total		\$ 436,859

Transfers between unrestricted, restricted and endowed funds are initiated to repay interfund loans, to increase endowed net position, and to reclassify net position amounts as the nature and purpose of those amounts are redefined. Net transfers between funds of differing classifications for the year ended December 31, 2020, were as follows:

Schedule of Net Transfers:

Fund Receiving Transfer	Amount	Fund Sending Transfer
General Plant Fund	\$ 5,007	Operating Fund Restricted
General Plant Fund	1,437	Operating Fund Unrestricted
Endowment Fund	82,564	Operating Fund Unrestricted
Endowment Fund	746,430	Operating Fund Restricted
Total Net Transfers	\$ 835,438	

NOTE 11 - LEASES

The Foundation leases certain properties to the College to operate as Educational Centers throughout its service district. These facilities are leased to the College at varying annual rates. The terms of the leases are designed to meet the criteria for State of Florida funding of the various centers. The Foundation received a total amount of \$51,776 from the College for 2020 lease payments.

NOTE 12 - 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 carries commercial insurance. There have been no losses in excess of coverage in the last three years. Insurance against losses are provided for the following types of risk:

- Commercial Liability
- Real and Personal Property Damage
- Directors and Officers Liability

NOTE 13 - CONTINGENCIES

The Foundation is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. It is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the Foundation.

NOTES TO FINANCIAL STATEMENTS
SANTA FE COLLEGE FOUNDATION, INC.
GAINESVILLE, FLORIDA
DECEMBER 31, 2020
(Concluded)

NOTE 14 - MATTERS RELATED TO OPERATIONS GOING FORWARD – COVID-19

In 2020, the COVID-19 outbreak in the United States and around the world, has resulted in several significant impacts on the Foundation and its operations. On March 16, 2020, the Board of Trustees of the College made the decision to cease on-campus instruction and move courses online to the extent possible. This included a directive for all employees, both instructional and non-instructional, to begin working from home in accordance with CDC recommendations. As a supporting organization of the College, all Foundation employees were required to adhere to this directive. As an agency of the State of Florida, the College, and the Foundation, anticipate continuing operations.

In July 2020, Foundation employees returned to working in the office after making changes to our operations based on guidance from the CDC, the Florida Department of Health, and local emergency management agencies. These changes are designed to enhance safety and include:

- Wearing cloth face coverings/masks,
- Installation of plastic shields,
- Practicing physical distancing,
- Conduction meetings remotely, as much as possible.

Although everything has not returned to normal, the day to day operations of the Foundation are continuing without interruption.

In addition to the impact on operations, the Foundation's investment portfolio has experienced slower growth starting in February of 2020. To date, the portfolio has seen a modest increase in market value of approximately \$1.7 million dollars. While unrealized gains and losses impact the carrying value of the Foundation's assets, they do not impact the cash flow of the portfolio. These amounts, along with reserves on hand, are more than adequate to meet the obligations of the Foundation for student scholarships, program support and facilities maintenance going forward.

The Foundation has also been restricted, due to social distancing protocols, in its ability to raise funds through in-person donor interaction and the use of special events and activities. While these restrictions are challenging, the timing coincides with the completion of a major fundraising campaign, transition to a new president for the College and the natural pause these two events create, which minimizes the impact for the long-term.

While there is no way to determine the impact of the COVID-19 pandemic on demand for student scholarships, the Foundation is positioned to meet the anticipated pre-pandemic demand.

**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
Santa Fe College Foundation, Inc.
Gainesville, 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 Santa Fe College Foundation, Inc. (the Foundation), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 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 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 as 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 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.

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Board of Directors
Santa Fe College Foundation, Inc.
Gainesville, Florida

**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*
(Concluded)**

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.



May 12, 2021
Gainesville, Florida

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