

Chipola College Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2021



Chipola College Foundation, Inc.
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June 30, 2021

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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Chipola College Foundation, Inc.
Chipola College
Marianna, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Chipola College Foundation, Inc., (the Foundation), a discretely presented component unit of Chipola College, as of and for the year ended June 30, 2021, 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

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.

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

To the Board of Directors
Chipola College Foundation, Inc.
Chipola College
Marianna, Florida
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2021, and the respective change in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021 on our consideration of the Chipola College Foundation, Inc.'s internal control over financial reporting and 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 the 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Carly Riggs & Ingram, L.L.C.

August 24, 2021



FINANCIAL STATEMENTS

Chipola College Foundation, Inc.
Statement of Net Position

June 30,

2021

Assets

Current assets		
Cash and cash equivalents	\$	282,462
Investments		5,377,268
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Total current assets		5,659,730
<hr/>		
Other assets		
Restricted cash and cash equivalents		4,258,298
Restricted investments		14,292,729
Restricted funds held in trust by others		131,020
Prepaid College Tuition Plans		355,853
Other assets		3,549
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Total other assets		19,041,449
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Total assets		24,701,179

Liabilities

Current liabilities		
Accounts payable		19,354
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Total liabilities		19,354

Net position

Unrestricted		5,379,384
Expendable restricted		11,823,109
Nonexpendable restricted		7,479,332
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Total net position	\$	24,681,825

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

Chipola College Foundation, Inc.
Statement of Revenues, Expenses and Changes in Net Position

<i>For the year ended June 30,</i>	2021
<hr/>	
Operating revenues	
Contributions	\$ 737,686
Other support	582,363
<hr/>	
Total operating revenues	1,320,049
<hr/>	
Operating expenses	
Student support - books and tuition	736,808
Management and general	253,475
Contributions to Chipola College	217,446
Investment management fees	144,090
Other special projects and miscellaneous	17,799
<hr/>	
Total operating expenses	1,369,618
<hr/>	
Operating (loss)	(49,569)
<hr/>	
Non-operating revenues	
Dividend and interest income	481,780
Net realized and unrealized gains on investments	3,798,656
<hr/>	
Total non-operating revenues	4,280,436
<hr/>	
Change in unrestricted net position	4,230,867
<hr/>	
Contributions to nonexpendable restricted endowments	77,844
<hr/>	
Change in net position	4,308,711
<hr/>	
Net position at the beginning of year	20,017,261
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Prior period adjustment	
Addition of Florida Prepaid Tuition Plans previously expensed, see Note 11	355,853
<hr/>	
Net assets at beginning of year, as restated	20,373,114
<hr/>	
Net position at end of year	\$ 24,681,825
<hr/> <hr/>	

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

Chipola College Foundation, Inc.
Statement of Cash Flows

For the year ended June 30,

2021

Operating activities

Amounts received from donors	\$ 750,686
Amounts received from others	389,378
Cash paid to vendors and others	(1,184,955)
Net cash used in operating activities	(44,891)

Investing activities

Purchase of investment securities	(9,687,861)
Proceeds from redemption of investments	10,643,606
Dividends and interest	481,780
Net cash provided by investing activities	1,437,525

Noncapital financing activities

Contribution to nonexpendable endowments	77,844
Net cash provided by noncapital financing activities	77,844

Net increase in cash and cash equivalents	1,470,478
Cash and cash equivalents, beginning of year	3,070,282
Cash and cash equivalents, end of year	\$ 4,540,760

Reconciliation of operating (loss) to net cash used in operating activities:

Operating (loss)	\$ (49,569)
Adjustment to reconcile operating (loss) to net cash used in operating activities:	
(Increase) decrease in:	
Donation receivable	13,000
Increase (decrease) in:	
Accounts payable	(8,322)
Net cash used in operating activities	\$ (44,891)

Reconciliation of cash and cash equivalents to the statement of net position

Cash and cash equivalents	\$ 282,462
Restricted cash and cash equivalents	4,258,298
Total cash and cash equivalents	\$ 4,540,760

Schedule of noncash investing and financing activities

Change in market value of investments	\$ 2,645,334

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

Chipola College Foundation, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS

The Chipola College Foundation, Inc. (the Foundation) was established July 1, 1980. The Foundation is a not-for-profit organization which is associated with Chipola College in Marianna, Florida. The purpose of the Foundation is to encourage and administer donations for the benefit of the college and to generally promote the interests of Chipola College. The Foundation includes activities of the Chipola Appreciation Club and the Chipola Regional Arts Association (C.R.A.A.).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with government accounting principles generally accepted in the United States of America for business type activities, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Assets

Restricted assets consist of cash and investments which are required to be set aside for specific purposes and are therefore unavailable for general operating purposes. When both restricted and unrestricted net assets are available, restricted assets are applied first.

Promise to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values, as reported by the applicable stock exchange listings, in the statement of net position. Unrealized gains and losses are included in the change in net position.

Investments in land and timber are donated property held for investment purposes and are recorded at fair market value as of June 30, 2021, which has been determined by an independent appraiser by reference to market transactions for similar property.

Prepaid College Tuition Plans

The Foundation is the owner of prepaid college tuition plans purchased from the Florida Prepaid College Board. The amounts are recorded at redemption value and reduced/expensed as used by the beneficiary.

Net Assets

The classifications of net position are divided into three components – invested in capital assets, net of related debt; restricted, and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Foundation had no net assets invested in capital assets, net of related debt at June 30, 2021.
- Restricted – This component of net position consists of restrictions placed on net assets through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provision or enabling legislation. Restricted net position is subdivided into expendable (restriction able to be satisfied) and nonexpendable (restriction in place for perpetuity) net position.
- Unrestricted – This component of net position consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Annual Appreciation Club memberships are recognized as revenue when received. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions as the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Operating Revenues and Expenses

The statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues. For this purpose, operating revenues result from transactions associated with the principle activities of the Foundation. Non-operating revenues arise from transactions not associated with the Foundation's principle activities.

Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes, except on unrelated business income, under Internal Revenue Code Section 501(c)(3). The Foundation has been classified by the Internal Revenue Service as a publicly supported foundation. Accordingly, no provision for income taxes has been recorded.

Chipola College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 24, 2021. See Note 10 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: INVESTMENTS

Investments shall be made solely in the interest of providing for the needs and activities of the Foundation and for the purpose of providing long-term total return at a reasonable level of risk (volatility). An important objective is attaining “real,” after inflation, growth in the Fund over a market cycle consistent with the level of risk assumed.

Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so.

Investment manager(s) retained will be given full investment discretion consistent with the investment objectives and guidelines provided regarding the purchase and sale of individual securities. The Directors acknowledge that while the investment manager(s) expects to meet these objectives, there is no guarantee they can be achieved. The value and related income of the investments held by the Foundation are sensitive to changes in economic conditions. Accordingly, investment values may be subject to risks by shifts in the market’s perception of the issuers and changes in interest rates.

Carrying values of investments at June 30, 2021 were as follows:

Investments	Market Value
Domestic equities	\$ 9,692,698
Mutual funds	4,870,724
Foreign equities	3,425,005
Certificates of deposits	1,286,070
Land and timber	395,500
Total investments	\$ 19,669,997

The total realized gain on the sale/redemption of investments was \$1,153,322 for the year ended June 30, 2021. There were unrealized gains of \$2,645,334 on investments for the year ended June 30, 2021.

Chipola College Foundation, Inc.
Notes to Financial Statements

Note 3: INVESTMENTS (Continued)

Investments at June 30, 2021 are presented on the statement of net position as follows:

Investments	Market Value
Restricted investments	\$ 14,292,729
Investments	5,377,268
Total investments	\$ 19,669,997

The Foundation's investment portfolio includes holdings in land and timber located in Jackson County, Florida which sustained damage from the impact of Hurricane Michael in October 2018. The value of land and timber was estimated by an independent appraiser at \$395,500 following the impact of the storm. As of June 30, 2021, there have been no significant changes to the value of the Foundation's land and timber holdings.

Custodial Credit Risk

Custodial risk is the risk that in the event of bankruptcy of the custodial entity, the Foundation's deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk. As of June 30, 2021, none of the Foundation's money market and short term investment accounts were exposed to uninsured and uncollateralized custodial credit risk. At June 30, 2021, all investments were registered in the name of Chipola College Foundation, Inc. and were held in the possession of the investment firms as custodians.

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates. However, current investments of the Foundation do not include debt securities.

Credit Risk

The Foundation has no investment policy that limits its investment choices as it relates to ratings. However, current investments of the Foundation do not include debt securities.

Foreign Currency Risk

The Foundation holds \$3,425,005 in various foreign equities and mutual funds as of June 30, 2021. The foreign holdings account for approximately 17% of the Foundation's total investments. The Foundation also has no investment policy that limits its investment choices as it relates to foreign equities.

Note 3: INVESTMENTS (Continued)

Concentration of Credit Risk

The Foundation places no limit on the amount invested in any one issuer. The Foundation's largest concentrations of investments are held in Bridge Builder Core Plus Bond Fund which represents 14% of total investments, Bridge Builder Core Bond Fund which represents 11% of total investments, BlackRock 60/40 Target Allocation Fund which represents 8% of total investments, and First Eagle Global Fund Class A Fund which represents 4% of total investments.

Note 4: FUNDS HELD IN TRUST BY OTHERS

The Foundation is the beneficiary of the Violet H. McLendon Music Trust, the assets of which are not in the possession of the Foundation. The Foundation has legally enforceable rights or claims to such assets, including the sole right to the income generated therefrom. Net realized and unrealized gains in trusts held by others are reported as restricted because appreciation in such funds is not available for use by the Foundation unless appropriated by the trustee. Historical cost and market values of these funds at June 30, 2021 are:

	Historical Cost	Market Value
McLendon Trust	\$105,019	\$131,020

Note 5: NET POSITION FUNCTIONING AS AN ENDOWMENT

Certain components of net position are functioning as an endowment but are not subject to permanent donor imposed restrictions. Unrestricted net position totaling \$1,746,695 is functioning as an endowment at the discretion of the Board of Directors. These assets are subject to Board imposed restrictions and the income derived from them is made available for Foundation use.

Note 6: ENDOWMENTS

The Foundation's endowment consists of donor-restricted funds. As required by generally accepted accounting principles, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Foundation is governed by Florida Statute Chapter 617.2104 - Florida Uniform Prudent Management of Institutional Funds Act. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the State of Florida during the 2011 legislative session and had an effective date of July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation's Board of Directors. Florida Statute does not require preservation of the fair value of the original gift, but rather specifically states that spending may include investment appreciation as well as principal.

Chipola College Foundation, Inc.
Notes to Financial Statements

Note 6: ENDOWMENTS (Continued)

Spending Policy - The Foundation board adopted a spending policy for endowed scholarship accounts. Actual dividends and interest are posted to the scholarship accounts and made available for spending. This amount represents accumulated earnings on endowed donations and other expendable restricted gifts that are available to be spent at the board's discretion in accordance with the endowment's purpose. With regard to donor-restricted endowments, the Foundation respects and enforces the donor's restriction to preserve the historic gift value of the fund.

Endowments consist of the following:

	Expendable restricted	Nonexpendable restricted
Endowment net assets, July 1, 2020	\$8,182,271	\$7,477,332
Investment income	573,457	-
Net realized and unrealized gains (losses)	2,856,266	-
Contributions	737,696	77,834
Florida Prepaid Values	355,853	-
Appropriation of endowment assets for expenditure	(882,434)	(75,834)
Endowment net assets, June 30, 2021	\$11,823,109	\$7,479,332

Note 7: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 7: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The fair values of investments at June 30, 2021 were classified as follows:

Investments	Fair Value Level
Domestic equities	Level 1
Foreign equities	Level 1
Mutual funds	Level 1
Certificates of deposits	Level 1
Foreign mutual funds	Level 1
Land and timber	Level 2

Note 8: RISK MANAGEMENT PROGRAMS

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Property and directors and officers coverage are provided through commercial carriers. Management continuously reviews the limits of coverage and believes that current coverage is adequate. There were no significant reductions in insurance coverage from the previous year.

Note 9: RELATED PARTIES

The Foundation rents office space from Chipola College (the College), under an open-ended lease, for a monthly rental payment of \$275 per month plus 30% of the monthly utility costs. This lease agreement became effective May 1995. The Foundation's staff members are employed by the College. These amounts are reflected in the Foundation's financial statements. The Foundation contributes funds to the College for the purchase of educational equipment and to provide other benefits to the students at Chipola College.

A Chipola College Appreciation Club board member is an agent representing a firm that holds Appreciation Club investments. This relationship will generate commissions paid to the individual from time to time. Management has represented that these commissions are governed by the same terms as any other similar arrangement with an unrelated party. The amount of investments managed by this individual represents 5% of the Foundation's total investments.

Note 10: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Foundation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 11: PRIOR-PERIOD ADJUSTMENT

Net assets at the beginning of fiscal 2021 have been adjusted to correct an error related to the recording of Prepaid College Tuition plans. In previous years, the Foundation expensed the plans when purchased. During fiscal 2021, management discovered that the Foundation retained ownership of the plans until used by the scholarship recipient. As such, the Foundation reclassified \$355,853 from net assets to an other asset entitled Prepaid College Tuition Plans on the Statement of Net Position. The amount recorded as an other asset represents the Redemption Value of the plans held by the Florida Prepaid College Board on the Foundation's behalf.



COMPLIANCE SECTION

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

To the Board of Directors
Chipola College Foundation, Inc.
Chipola College
Marianna, 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 Chipola College Foundation, Inc. (a nonprofit organization and a discretely presented component unit of Chipola College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated August 24, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described below as 2004-1 that we consider to be a material weakness.

To the Board of Directors
Chipola College Foundation, Inc.
Chipola College
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2004-1 – Segregation of Duties

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Foundation's assets.

CAUSE: The Foundation has a limited staff.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the small size of the Foundation's staff, certain incompatible duties will be performed by the same staff member and that it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

Compliance and Other Matters

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

The Foundation's Response to Findings

The Foundation's written response to the findings identified in our audit is described in the accompanying letter. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Board of Directors
Chipola College Foundation, Inc.
Chipola College
Marianna, Florida
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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

August 24, 2021

Chipola College Foundation, Inc.'s Response



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August 5, 2021

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To Whom It May Concern:

In response to the Independent Auditor's *Report on Internal Control Over Financial Reporting* for the fiscal year 2020-2021, I want to address the comment regarding segregation of duties.

Due to a four-person staff working at the Chipola College Foundation, it is not possible to have complete segregation of duties. It is not possible to have all aspects of opening mail, receiving donations, preparing deposits, taking deposits to the bank and the actual accounting without having some overlap in duties. With this in mind, staff makes every effort to segregate the process as much as possible. The Chipola College Foundation Board of Directors is aware of the segregation of duties issue and maintains involvement with the financial affairs of the Foundation.

Sincerely,

A handwritten signature in black ink that reads "Julie A. Fuqua". The signature is fluid and cursive.

Julie A. Fuqua
Executive Director