



EASTERN
FLORIDA
State College
FOUNDATION

Eastern Florida State College Foundation, Inc.
(A Component Unit Of
Eastern Florida State College)
FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020



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Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
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For the years ended June 30, 2021 and 2020

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Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Executive Board of Directors
June 30, 2021

Directors

David Lightholder
Michael Scialdone

Chair

Bill Row

Vice Chair

Moses Harvin, II

Treasurer

Judy Healy

President of EFSC

Dr. James Richey

EFSC Board of Trustee Appointee

Moses Harvin, Sr.

Board Members

Natasha Spencer
Pam Posey Persse
Meredith Gibson
Trizia Eavenson
Ryan Wilkins
Gary Cunningham
Robert Good
Randy Coleman
Adam Bird
Chris Riley
Mel Mills

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eastern Florida State College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying basic financial statements of Eastern Florida State College Foundation, Inc. (a component unit of Eastern Florida State College) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Eastern Florida State College Foundation, Inc.'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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.

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 basic financial statements referred to above present fairly, in all material respects, the financial position of Eastern Florida State College Foundation, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021 on our consideration of Eastern Florida State College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Eastern Florida State College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Florida State College Foundation, Inc.'s internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

Melbourne, Florida
September 14, 2021

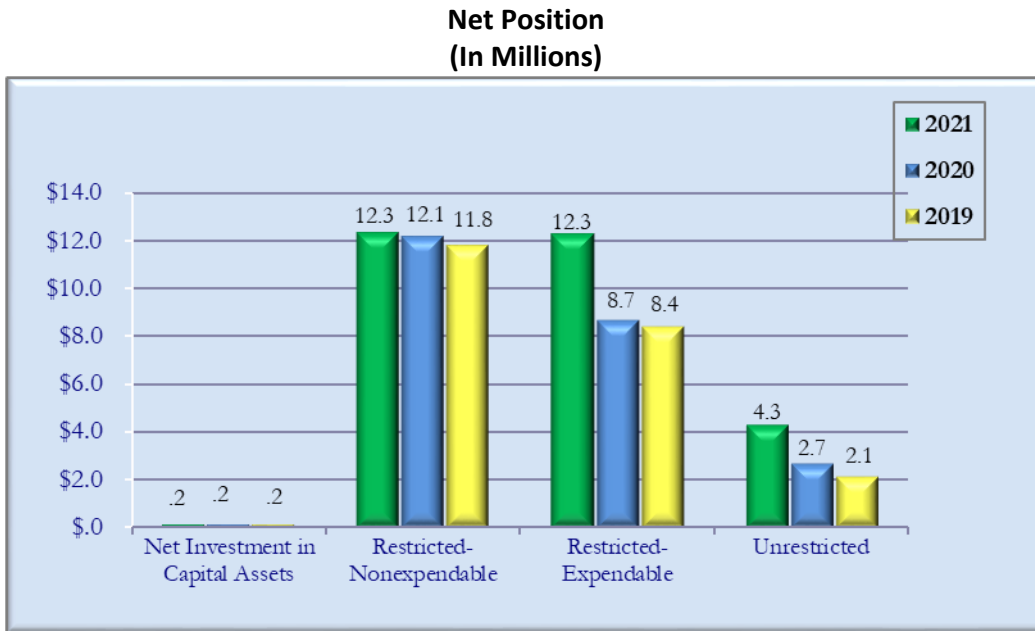
Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Management Discussion and Analysis

The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the Foundation for the fiscal year ended June 30, 2021 and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements– and Management’s Discussion and Analysis–for Governmental Entities, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management.

Financial Highlights

The Foundation’s net position increased by \$5.37 million, or 22.7% for the year ended June 30, 2021, increased by \$1.19 million, or 5.3% for the year ended June 30, 2020, and increased by \$448 thousand, or 2.0% for the year ended June 30, 2019. For the year ended June 30, 2021, the increase in net position was primarily due to an increase in investment income, net of decreases in operating expenses, fundraising activities, and additions to the endowment. For the year ended June 30, 2020, the increase in net position was primarily due to increases in fundraising activities, donations, and additions to the endowment, net of decreases in operating expenses and decreases in investment activities. For the year ended June 30, 2019, the increase in net position was primarily due to increases in program service revenue and donations, net of increases in operating expenses and decreases in investment and fundraising activities and additions to the endowment.

The Foundation’s comparative total net position by category for the fiscal years ended June 30, 2021, 2020 and 2019, is shown in the following graph:



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Management Discussion and Analysis

One of the most important questions asked about the Foundation's finances is, "Is the Eastern Florida State College Foundation as a whole, better or worse off as a result of the year's activities?"

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Foundation as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Foundation's operating results.

These two statements report the Foundation's net position and changes in them. You can think of the Foundation's net position, the difference between assets and liabilities, as one way to measure the Foundation's financial health, or financial position. Over time, increases or decreases in the Foundation's net position are one indication of whether its financial health is improving or deteriorating.

Statement of Net Position: The Statement of Net Position presents the assets, liabilities and net position of the Foundation at the end of each fiscal year. The purpose of this statement is to present a snapshot of the financial condition of the organization. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Total net position, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the Foundation.

Assets and liabilities are categorized between current and non-current. Current assets and liabilities are those that are expected to mature or become payable within the 12 month operating cycle. Non-current assets and liabilities are expected to mature or become payable after 12 months.

Eastern Florida State College Foundation, Inc.
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Management Discussion and Analysis

The following is a summarized version of the Foundation’s Statement of Net Assets as of June 30, 2021, 2020 and 2019:

EASTERN FLORIDA STATE COLLEGE FOUNDATION, INC.
CONDENSED STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021, 2020 AND 2019
In Thousands

ASSETS	2021	2020	2019
Current Assets	\$1,088.8	\$1,157.1	\$460.3
Noncurrent Assets	27,828.7	22,361.3	21,878.0
Net Investment in Capital Assets	169.4	171.4	181.7
Total Assets	29,086.9	23,689.8	22,520.0
LIABILITIES			
Current Liabilities	19.3	1.2	20.1
Noncurrent Liabilities	12.4	8.3	5.4
Total Liabilities	31.7	9.5	25.5
NET POSITION			
Net Investment in Capital Assets	169.5	171.4	181.7
Restricted - Nonexpendable	12,322.1	12,132.9	11,790.5
Restricted - Expendable	12,255.0	8,668.6	8,381.2
Unrestricted	4,308.6	2,707.4	2,141.1
Total Net Position	\$29,055.2	\$23,680.3	\$22,494.5
Increase/(Decrease) in Net Position	\$5,374.9	\$1,185.8	\$447.9

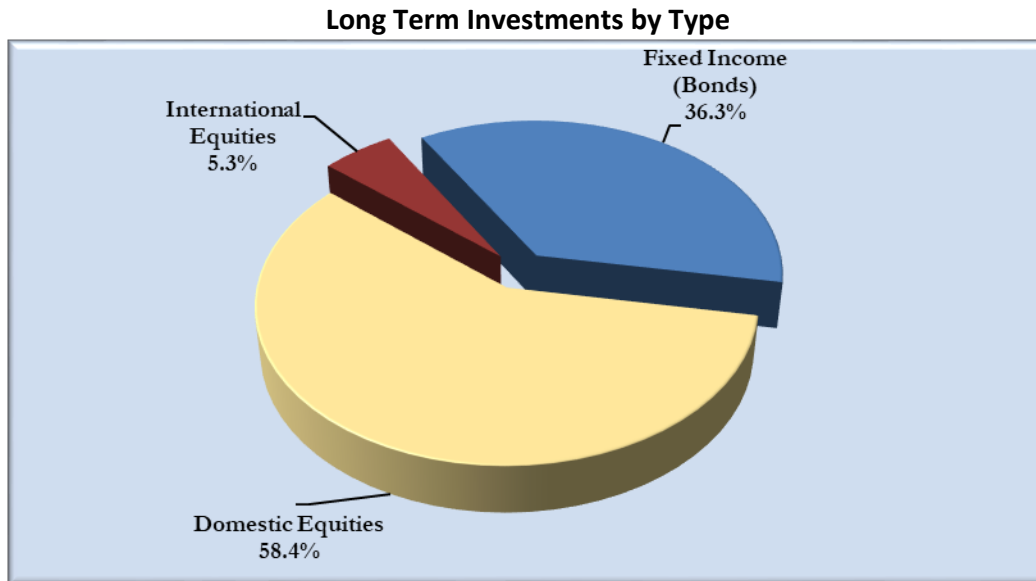
Current Assets - Current assets consist of cash and cash equivalents, accounts receivable, prepaid expenses, investments in Florida State Treasury Pool and other short-term investments. Surplus cash not needed for operations is deposited into a Special Purpose Investment Account (SPIA). Investment earnings are used to support unrestricted activities of the Foundation.

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Receivables represent unrestricted and restricted fundraising activities and pledge receivables. During fiscal year 2020-21, the Foundation's receivables decreased by approximately \$6 thousand and is a result of a decrease of \$10 thousand in pledge receivables and an increase of approximately \$3 thousand in accounts receivable and \$1 thousand in notes receivable. For the year ended June 30, 2020, the Foundation's receivables remained unchanged as a result of increases in receivables related to management and college program support offset by decreases in pledge receivables. For the year ended June 30, 2019, the Foundation's receivables decreased by approximately \$13 thousand and is a result of decreases of \$10 thousand in pledge receivables, \$2 thousand in accounts receivable, and \$1 thousand in notes receivable.

Non-current Assets – As of June 30, 2021, the Foundation's long-term investments were \$27.8 million. This is an increase of \$5.5 million and is due to market gains net of sale of long-term investments used to provide cash for operations. For the year ended June 30, 2020, the Foundation's long-term investments were \$22.4 million. This is an increase of \$484 thousand and is due to market gains net of sale of long-term investments used to provide cash for operations. For the year ended June 30, 2019, the Foundation's long-term investments were \$21.9 million. This is an increase of \$638 thousand and is due to market gains net of the sale of long-term investments used to provide cash for operations.

The following charts present the fiscal year 2020-21 long term investments by type:



Liabilities – During fiscal year 2020-21, the Foundation's liabilities increased approximately \$22 thousand and is a result of an increase in trade and salaries payable net of an increase in deferred revenue. For fiscal year 2019-20, the Foundation's liabilities decreased approximately \$16 thousand and is a result of decreases in trade and salaries payable and decreases in deferred revenue. For fiscal year 2018-19, the Foundation's liabilities increased approximately \$1 thousand and is a result of decreases in trade and salaries payable net of increases in deferred revenue.

Eastern Florida State College Foundation, Inc.
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Net Position - Net position is presented in three major categories. The first is Net Investment in Capital Assets, which represents the Foundation's equity in its property, plant and equipment. The second category is Restricted, and the third is Unrestricted.

Restricted net position are funds that are limited in terms of the purpose or time for which they may be expended. These restrictions are noted on the sub-classification of expendable restricted net position. Restricted non-expendable net position are endowments for which only the earnings may be spent.

The unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the Foundation. This includes funds that have been designated by the Board of Directors for specific purposes as well as amounts that have been contractually committed for goods and services that have not been received.

Statement of Revenues, Expenses and Changes in Net Position: The Statement of Revenues, Expenses and Changes in Net Position presents the financial results of operations for the year. Activities are reported as either operating or non-operating. The financial reporting model classifies State matching grants, investment income and donations as non-operating revenues. The Foundation's dependency on these revenue sources ordinarily results in an operating loss. The utilization of long-lived assets, referred to as Net Investment in Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

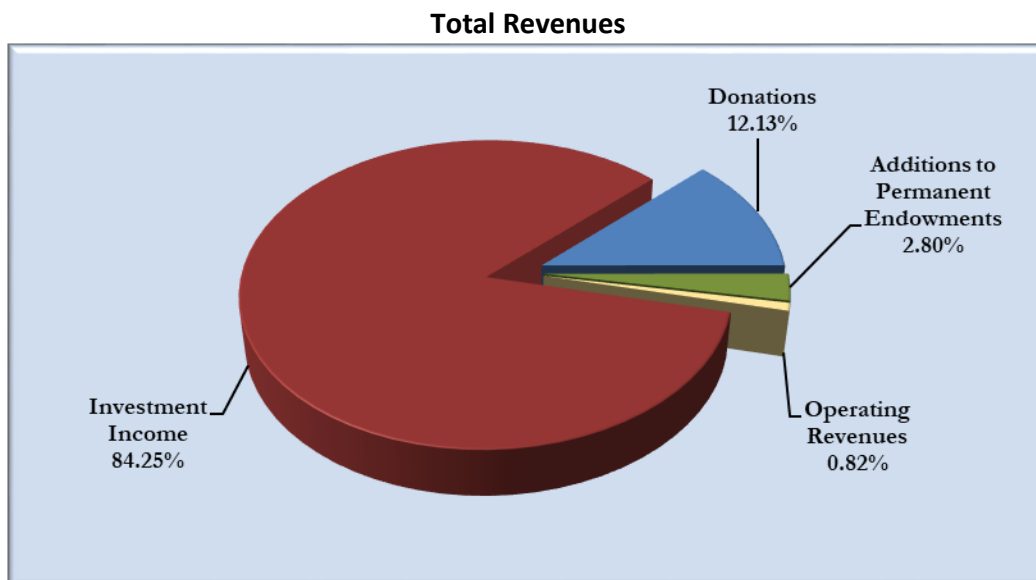
Eastern Florida State College Foundation, Inc.
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Management Discussion and Analysis

The following is a summarized version of the Foundations revenues, expenses and changes in net position for the fiscal years ended June 30, 2021, 2020 and 2019:

**EASTERN FLORIDA STATE COLLEGE
FOUNDATION, INC.**
**CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS ENDED JUNE 30, 2021, 2020
AND 2019**
In Thousands

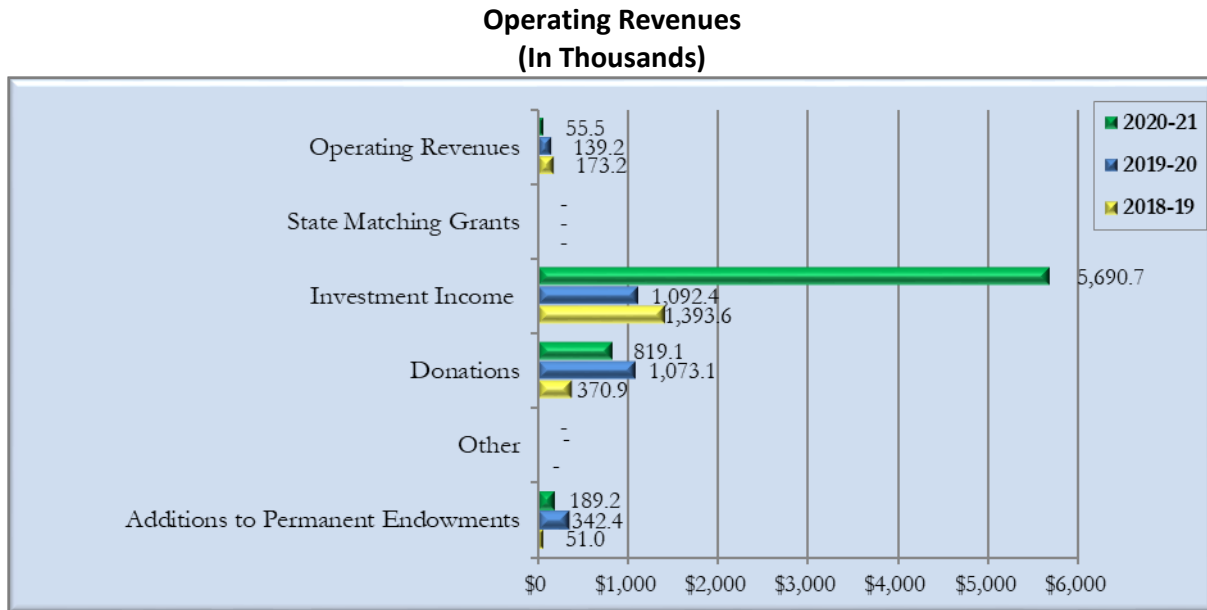
	2021	2020	2019
Operating Revenues	\$55.5	\$139.2	\$173.2
Operating Expenses	1,379.7	1,453.0	1,540.8
Operating Income (Loss)	(1,324.2)	(1,313.8)	(1,367.5)
Nonoperating Revenues	6,509.9	2,157.2	1,764.5
Other Revenues	189.2	342.4	51.0
Total Increase (Decrease) in Net Position	5,374.9	1,185.8	447.9
Net Position at Beginning of Year	23,680.3	22,494.5	22,046.6
Net Position at End of Year	\$29,055.2	\$23,680.3	\$22,494.5

The following is the Foundation’s revenues for 2021, including both operating and non-operating:



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The following chart shows a comparison of revenues by category for fiscal years 2021, 2020 and 2019:

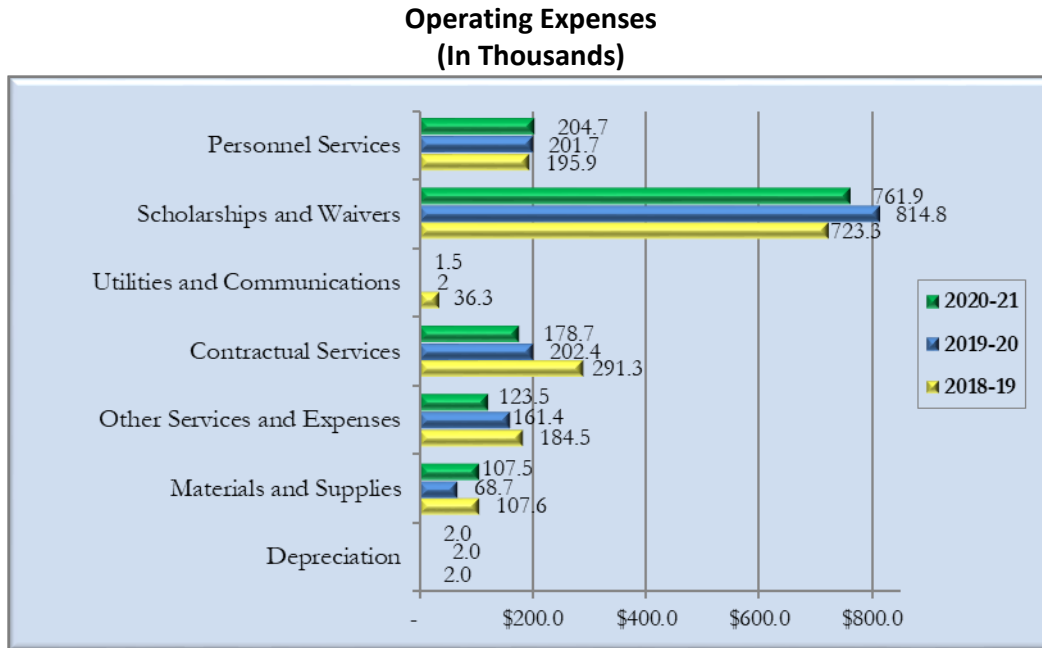


Donations and other non-operating revenue include gifts, contributions, fundraising, expansion of Health Science programs and other general support. During fiscal year 2020-21, the Foundation received \$819 thousand in gifts, contributions, and fundraising revenue. This is a decrease of \$254 thousand over the prior year, or 24%, and is comprised of a decrease of \$193 thousand in unrestricted contributions, \$89 thousand in annual event fundraising initiatives, and an increase of \$28 thousand in non-endowed scholarship contributions. During fiscal year 2019-20, the Foundation received nearly \$1.1 million in gifts, contributions, and fundraising revenue. This is an increase of \$700 thousand over the prior year, or 189%, and is comprised of an increase of \$630 thousand in unrestricted contributions, \$50 thousand in annual event fundraising initiatives, and \$20 thousand in non-endowed scholarship contributions. During fiscal year 2018-19, the Foundation received \$371 thousand in gifts, contributions, and fundraising revenue. This is an increase of \$17 thousand over the prior year, or 5%, and is comprised of an increase of \$127 thousand in unrestricted contributions net of decreases in annual event fundraising initiatives and non-endowed scholarship contributions; \$61 thousand and \$49 thousand respectively.

The Foundation's operating expenses were \$1.4 million for the year ended June 30, 2021 and \$1.5 million for the years ended June 30, 2020 and June 30, 2019.

Eastern Florida State College Foundation, Inc.
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The following chart shows a comparison of expenses by category for fiscal years 2021, 2020 and 2019:



The Foundation’s fiscal year 2020-21 operating expenses decreased \$73 thousand or approximately 5%. Operating expenses for fiscal year 2019-20 decreased \$88 thousand and operating expenses for fiscal year 2018-19 increased \$173 thousand. Highlights of significant changes, by category grouping, as demonstrated on the above chart are as follows:

- Personnel Services for the year ended June 30, 2021, increased nearly \$3 thousand from fiscal year 2019-20. This is due to an increase in personnel salaries and pension plan costs net of decreases in distinguished educator and mentoring awards, athletic program staffing costs, and chorus activities. During fiscal year 2019-20, personnel services increased nearly \$6 thousand from fiscal year 2018-19. This is due to the support of faculty initiatives for endowed faculty chair, distinguished educator and mentoring awards and increases in health insurance and pension plan costs net of decreases in athletic program summer camps. During fiscal year 2018-19, personnel services increased nearly \$11 thousand from fiscal year 2017-18. This is due to increased staffing costs in support of athletic programs and increases in health insurance and pension plan costs.
- Scholarship expenses for the year ended June 30, 2021 decreased \$53 thousand, or 7%. During fiscal year 2019-20, scholarship expense increased \$91 thousand, or 13%. During fiscal year 2018-19, scholarship expense increased \$30 thousand.

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- Contractual services for the year ended June 30, 2021 decreased \$24 thousand, or 12% from fiscal year 2019-20 and is due to the following: decreases of \$29 thousand for legal fees, \$6 thousand for miscellaneous fees, \$12 thousand for advertising costs in support of community programs, \$1 thousand in credit card fees, and \$3 thousand in promotional prizes due to no fundraising events occurring net of an increase of \$2 thousand in accounting fees, \$3 thousand in consultant fees, \$8 thousand for honoraria fees related to the Simpkin's Business Seminar Series, \$1 thousand for other professional fees, and \$13 thousand in contractual services due to web development costs net of decreases related to fundraising events. For fiscal year 2019-20, contractual services decreased \$88 thousand, and is due to the following: decreases of \$24 thousand for consultant fees, \$22 thousand for honoraria fees related to the Simpkin's Business Seminar Series, \$36 thousand for contractual services, \$8 thousand for other professional fees, \$18 thousand for miscellaneous fees net of an increase of \$20 thousand for legal fees related to the processing of the Billie Jo Schell Trust. For fiscal year 2018-19, contractual services increased \$58 thousand and is due to the following: increases of \$22 thousand for honoraria fees related to the Simpkin's Business Seminar Series, \$17 thousand for advertising costs in support of community programs, and \$19 thousand in expenses related to fundraising activities.
- Other services and expenses for the year dated June 30, 2021 decreased \$38 thousand, or approximately 24% from fiscal year 2019-20. The change is comprised of the following: a decrease of \$2 thousand in travel expenses, \$11 thousand in printing costs, \$6 thousand in repair and maintenance costs, \$1.5 thousand in memberships, \$23 thousand in community outreach, \$1.5 thousand for other services, and \$6 thousand for tournament player fees net of an increase of \$13 thousand in portfolio account management/service fees. Other services and expenses for the year ended June 30, 2020 decreased \$23 thousand from fiscal year 2018-19. The change is comprised of the following: a decrease of \$5 thousand in travel expenses, \$10 thousand in printing costs, \$11 thousand in community outreach, \$5 thousand in portfolio account management/service fees net of an increase of \$5 thousand for repairs to the YMCA pool and repairs for athletics, \$2 thousand in equipment leases, and \$1 thousand in memberships. Other services and expenses for the year ended June 30, 2019 decreased \$17 thousand from fiscal year 2017-18. The change is comprised of the following: a decrease of \$20 thousand in donor relations and community outreach, a decrease of \$8 thousand in Health Science equipment repairs, a decrease of \$3 thousand in travel expenses net of increases of \$11 thousand in printing costs and \$3 thousand for other services.

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- Materials and Supplies increased \$39 thousand for the fiscal year ended June 30, 2021. The increase is primarily related to \$79 thousand in software towards the new College Courseleaf catalog implementation, \$14 thousand in equipment purchases for the dental program, athletics, and faculty and staff docking stations net of a decrease of \$47 thousand in office and other supplies and \$7 thousand non-capital repair and maintenance for major equipment. During fiscal year 2019-20, materials and supplies decreased \$39 thousand. The decrease is primarily related to a \$63 thousand reduction in equipment purchases for the TV station and the Health Science programs, \$2 thousand for educational materials and supplies, \$1 thousand for software net of an increase of \$27 thousand in supplies needed to establish a new donor recognition wall, support the EFSC 60th anniversary, EFSC Alumni, athletics, and Brevard Community Chorus. During fiscal year 2018-19, materials and supplies increased \$58 thousand. The increase is comprised of equipment purchases for the college TV station, WEFS, and college Health Science programs.

- For fiscal year ended June 30, 2021 there was no disposal of capital assets. During fiscal year 2019-20, there was a loss on the disposal of capital assets of \$8 thousand. The decrease is related to the disposal of land owned by the Foundation in Orange County and the Cocoa Beach timeshare property.

Eastern Florida State College Foundation, Inc.
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Management Discussion and Analysis

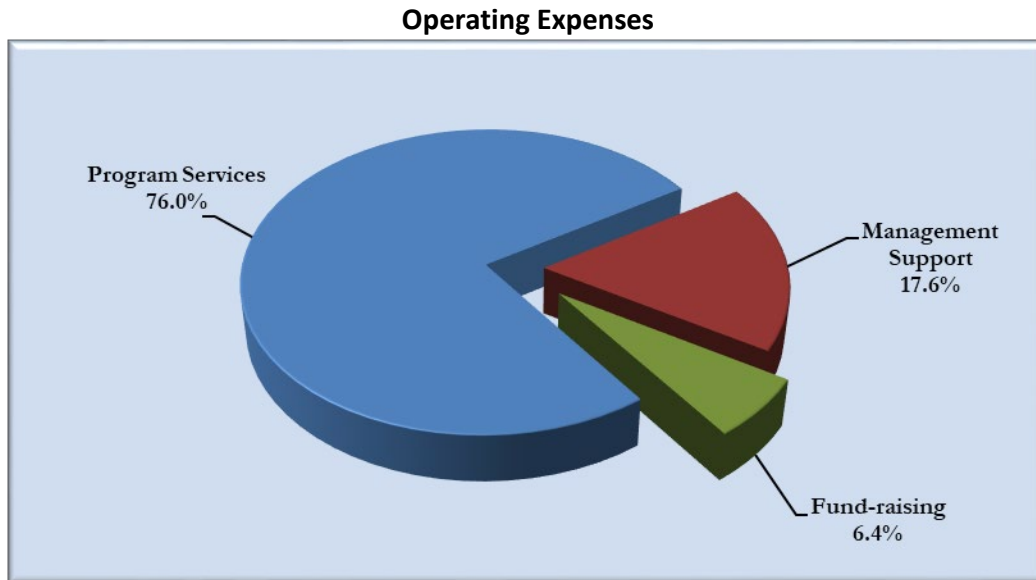
The following is a schedule of the Foundation's capital assets for the fiscal years ended June 30, 2021, 2020 and 2019:

**EASTERN FLORIDA STATE
COLLEGE FOUNDATION, INC.
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2021 AND 2020 AND
2019**

	2021	2020	2019
Capital Assets			
Depreciable			
Buildings	\$76,446	\$76,446	\$76,446
Furniture & Equipment	42,197	42,197	42,197
Subtotal	118,643	118,643	118,643
Less Accumulated Depreciation	(115,846)	(113,886)	(111,926)
Net Investments in Capital Assets	2,798	4,757	6,717
Nondepreciable			
Land	53,847	53,847	53,847
Other Assets	112,800	112,800	117,600
Land Held for Sale	2	2	3,537
Subtotal	166,649	166,649	174,984
Total	\$169,446	\$171,406	\$181,701

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The following chart presents the fiscal year 2020-21 operating expenses by function:



Statement of Cash Flows: Another important factor to consider when evaluating financial viability is the Foundation’s ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities.

The Statement of Cash Flows helps users assess:

- The Foundation’s ability to generate future cash inflows
- The ability to meet obligations as they come due
- The need for external financing

Eastern Florida State College Foundation, Inc.
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Management Discussion and Analysis

EASTERN FLORIDA STATE COLLEGE FOUNDATION INC.
CONDENSED STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2021, 2020 AND 2019
In Thousands

CASH AND CASH EQUIVALENTS PROVIDED/(USED) BY:	2021	2020	2019
Operating Activities	(\$1,319.3)	(\$1,319.3)	(\$1,373.5)
Noncapital Financing Activities	1,023.0	1,405.9	434.2
Investing Activities	443.9	365.4	810.7
Net Increase in Cash and Cash Equivalents	147.6	452.0	(128.6)
Cash and Cash Equivalents - Beginning of Year	769.4	317.4	446.0
Cash and Cash Equivalents - End of Year	\$917.0	\$769.4	\$317.4

The Foundation's cash receipts from operating activities consist of rental income and other sales and services. Cash outlays include payments to employees, suppliers, utility providers and for scholarships.

Donations are the primary sources of non-capital financing inflows. For the year ended June 30, 2021, net cash flows from non-capital financing activities totaled \$1.02 million and were comprised of inflows for receipts of donations. For the year ended June 30, 2020, net cash flows from non-capital financing activities totaled \$1.4 million and were comprised of inflows for receipts of donations net of a \$3 thousand decrease in accounts receivable. For the year ended June 30, 2019, net cash flows from non-capital financing activities totaled \$434 thousand and were comprised of inflows for receipts of donations of \$433 thousand and \$1 thousand for loan repayments from employees.

Investing activities include the Foundation's investment portfolios as discussed in Note 2. Cash investment activities totaled \$444 thousand during fiscal year 2020-21. Interest receipts totaled \$728 thousand while net purchases of investments totaled \$284 thousand. Cash investment activities totaled \$365 thousand during fiscal year 2019-20. Interest receipts totaled \$541 thousand while net purchases of investments totaled \$176 thousand. Cash investment activities totaled \$811 thousand during fiscal year 2018-19. Interest receipts totaled \$576 thousand while net purchases of investments totaled \$235 thousand.

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Economic Factors that will Affect the Future

The Eastern Florida State College Foundation's economic condition is closely tied to that of the Eastern Florida State College and to the State of Florida. While the State of Florida and Brevard County have experienced positive financial growth in the last year, the college faces financial challenges in the near term.

Eastern Florida State College's State noncapital appropriations increased by \$1.6 million for the 2021-22 fiscal year; however, capital appropriations were not funded for the third straight year. Funding for the maintenance, renovation, and construction of facilities is needed to maintain the quality of programs offered at the College; enhance the student experience; incorporate measures that support campus safety; address critical deferred maintenance issues; and provide long-term utilities and infrastructure stability. The absence of capital appropriations puts a strain on College operating funds to maintain aging facilities in need of renovation.

The College received \$34.8 million in Federal Higher Education Emergency Relief Funds (HEERF) to assist the college with the extraordinary costs related to the COVID-19 pandemic. As of June 30, 2021, \$9.4 million has been expended for cleaning, personal protective equipment, social distancing, facilities modifications, information technology infrastructure improvements, and to recover lost revenue.

The College also received \$25.3 million to provide Emergency Financial Aid Grants to Students to assist with expenses due to the disruption of campus operations. As of June 30, 2021, \$10.4 million in HEERF grants were disbursed to students.

The College Board of Trustees elected again to continue the 2011-12 fiscal year tuition rates into the 2020-21 fiscal year. Enrollment since the start of the pandemic, however, has declined 20% from 2019. The need for financial support of students from Foundation scholarships will become greater as Federal pandemic relief funds expire.

The College's current financial and capital plans indicate that the resources from cost savings and increased efficiencies will enable it to maintain consistent services over the coming year.

All of these factors are strong indicators that continued assistance from the Foundation will be essential to bridging funding gaps for the College, providing financial assistance to students and support for local workforce initiatives.

The continued suspension of state funding for the Dr. Philip Benjamin matching program makes obtaining contributions for scholarships and support of other College program initiatives more difficult. It is anticipated, however, that the Foundation will continue to nurture current donor relationships and cultivate new prospects at private and corporate levels in order to continue providing vital services to its stakeholders.

One of the strengths of the Eastern Florida State College Foundation is the size of its endowment. During fiscal 2020-21, the Foundation maintained investments of \$24.3 - \$28.7 million.

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Additionally, with nearly \$16.6 million in expendable and unrestricted net assets, the Foundation is poised to endure the financial challenges for the upcoming year. As part of its core mission, it is anticipated that the Foundation will continue to cultivate donor and alumni relations to secure the resources required to support scholarships and initiatives to further the mission of Eastern Florida State College.

Requests for Information:

Questions about this report or requests for additional financial information should be addressed to:

Eastern Florida State College Foundation
1519 Clearlake Road
Cocoa, FL 32922
321-632-1111

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Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Statements of Net Position

<i>June 30,</i>	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 917,019	\$ 769,393
Receivables	13,722	20,172
Due from the College	121,071	336,218
Other assets	36,974	31,284
Total current assets	1,088,786	1,157,067
Noncurrent assets:		
Long term investments	27,828,688	22,361,350
Depreciable capital assets, net	2,797	4,757
Nondepreciable assets	166,649	166,649
Total noncurrent assets	27,998,134	22,532,756
Total assets	\$ 29,086,920	\$ 23,689,823
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,705	\$ 1,227
Deferred revenue	13,615	-
Total current liabilities	19,320	1,227
Noncurrent liabilities:		
Accrued compensated absences	12,422	8,304
Total noncurrent liabilities	12,422	8,304
Total liabilities	31,742	9,531
NET POSITION		
Net investment in capital assets	169,446	171,406
Restricted for:		
Nonexpendable		
Scholarships	10,995,867	10,811,682
College program support	778,891	773,891
Endowed faculty chairs	547,325	547,325
Expendable		
Scholarships	10,337,090	7,136,231
Health science programs	416,308	414,623
College program support	1,501,626	1,117,779
Unrestricted	4,308,625	2,707,355
Total net position	29,055,178	23,680,292
Total liabilities and net position	\$ 29,086,920	\$ 23,689,823

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

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended June 30,</i>	2021	2020
Operating revenues		
Other revenue	\$ 55,536	\$ 139,232
Operating expenses		
Personnel services	204,656	201,721
Scholarships	761,882	814,775
Utilities and Communications	1,529	2,030
Contractual services	178,694	202,425
Other services and expenses	123,487	161,382
Materials and supplies	107,482	68,704
Depreciation	1,960	1,960
Total operating expenses	1,379,690	1,452,997
Operating loss	(1,324,154)	(1,313,765)
Nonoperating revenues (expenses)		
Investment income	5,690,718	1,092,386
Donations	819,136	1,073,119
Loss on disposal of assets	-	(8,335)
Total nonoperating revenues (expenses)	6,509,854	2,157,170
Changes in net position before additions to permanent endowments	5,185,700	843,405
Additions to permanent endowments	189,186	342,415
Changes in net position	5,374,886	1,185,820
Net position, beginning of year	23,680,292	22,494,472
Net position, end of year	\$ 29,055,178	\$ 23,680,292

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

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Statements of Cash Flows

<i>For the years ended June 30,</i>	2021	2020
Cash flows from operating activities:		
Payments to suppliers	\$ (410,875)	\$ (442,291)
Payments to utilities	(1,529)	(2,030)
Payments to employees	(200,537)	(199,485)
Payments for scholarships	(761,882)	(814,775)
Payments from customers	55,536	139,232
Net cash used in operating activities	(1,319,287)	(1,319,349)
Cash flows from non-capital financing activities:		
Donations	827,226	1,066,294
Donations and state support for endowments	199,287	342,313
Other nonoperating activities	(3,489)	(2,696)
Net cash provided by non-capital financing activities	1,023,024	1,405,911
Cash flows from investing activities:		
Interest on investments	727,637	541,108
Purchase of investments	(6,424,478)	(1,778,918)
Proceeds from sale of investments	6,140,730	1,603,249
Net cash provided by investing activities	443,889	365,439
Net increase in cash and cash equivalents	147,626	452,001
Net cash and cash equivalents at the beginning of the year	769,393	317,392
Net cash and cash equivalents at the end of the year	\$ 917,019	\$ 769,393

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

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Statements of Cash Flows (continued)

<i>For the years ended June 30,</i>	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET		
CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (1,324,154)	\$ (1,313,765)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,960	1,960
Changes in net position		
Increase in other assets	(5,690)	(1,020)
Increase (decrease) in accounts payable and accrued liabilities	4,478	(9,854)
Increase in compensated absences	4,119	3,330
Net cash used in operating activities	\$ (1,319,287)	\$ (1,319,349)
Noncash investing activities:		
Net increase in fair value of investments	\$ 4,963,590	\$ 551,279

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

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Eastern Florida State College Foundation, Inc. (the "Foundation") is a Florida not-for-profit corporation. It is also designated as a component unit and a direct-support organization of Eastern Florida State College (the "College") under Section 1004.70, Florida Statutes. As such, the Foundation is organized and operated exclusively to receive, hold, invest and expend funds for the benefit of the College.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Foundation follows GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*.

GASB Statements No. 34 and 35 establish standards for external financial reporting, which includes a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows using the direct method. GASB Statements No. 34 and 35 also include a requirement that management provide a discussion and analysis of the basic financial statements and it requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted.

The Foundation uses the proprietary fund basis for the presentation of its financial statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Foundation are the revenues related to leasing certain College assets. Operating expenses include administrative expenses, scholarship expenses and other costs to operate the Foundation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Foundation operates as an enterprise fund that accounts for the operation of the Foundation. An enterprise fund is a type of proprietary fund that provides services to the general public. This fund is used to account for the operations of governmental facilities and services, which are entirely or predominantly self-supported.

When both restricted and unrestricted resources are available for use, it is the Foundation’s policy to use restricted resources first, then unrestricted resources as they are needed.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less, demand deposits, money market accounts and certificates of deposit to be cash equivalents.

Receivables

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. Management considers all promises to give to be collectible; as such, no allowance for uncollectible amounts has been recorded.

Capital Assets

Capital assets are defined by the Foundation as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost, if purchased and at fair market value at date of gift, if donated. Depreciation is recognized on the straight-line method or double declining balance over the estimated useful lives of the assets. The estimated useful lives of the buildings are 40 years and other estimated useful lives range between 5 to 10 years. Land, buildings and equipment held for sale are not depreciated.

Other Assets

Other assets consist of deposits on leases for athletic housing and prepaid expenses.

Deferred Revenue

Payments received in advance for a future fundraiser.

Accrued Compensated Absences

A liability is accrued for an employee's right to receive compensation for future absences when certain conditions are met.

Net Position - Restrictions

The Foundation's statement of net position reports restrictions on net position that are maintained for a specific purpose. The nature and purpose of the restrictions are as follows:

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ASSETS, LIABILITIES AND NET POSITION (Continued)

Net Position - Restrictions (continued)

- Scholarships – Funds available for academic scholarships in accordance with donor imposed restrictions
- Health science programs – To fund activities in support of the expansion of Health Science programs in accordance with local health care organization and state grant restrictions.
- College program support – To fund activities that are in support of the College mission statement (Simpkins Business Lectures, Athletic and Lab School programs, and Music Department special events, etc.) in accordance with donor imposed restrictions.
- Endowed faculty chairs – To fund stipend and project expenditures for College faculty; promote professional development and expand their level of knowledge and expertise in their respective discipline areas in accordance with donor imposed restrictions.

D. REVENUES AND EXPENSES

Grants

The Foundation participates in the State of Florida's Dr. Philip Benjamin Matching Grant Program for Community Colleges (the "Program"), which was established in 2003 under Florida Statute 1011.85. The Program acts as a single matching gift program that encompasses the goals originally set out in the Academic Improvement Program, the Scholarship Matching Program and the Health Care Education Quality Enhancement Challenge Grant.

The College Board of Trustees and State Board of Education determine the use of proceeds, which include funding for 1) scientific and technical equipment, 2) scholarships, loans or need-based grants, and 3) any other activities that will benefit students, improve the quality of education at the community college level or enhance economic development in the community. The matching ratio for donations specifically designed to support scholarships, student loans or need-based grants is \$1 of state funds to \$1 of local private funds. The Program matches donations received for all other eligible uses on the basis of \$4 of state funds for every \$6 of local private funds. Under this second category, the Foundation currently manages funds donated to establish endowed faculty chairs, to support the College's health sciences program, and to provide an entrepreneurial lecture series.

Use of 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.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 1: 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 and determined there were no events that occurred that required disclosure.

Note 2: DEPOSITS AND INVESTMENTS

Credit risk – The Foundation’s investment policy limits their investment portfolio to have an average credit rating of “A” or better for bonds.

Interest rate risk – The Foundation’s investment policy limits interest rate risk by requiring that investment maturities shall not be greater than 15 years at the time of purchase.

Concentration of credit risk – The Foundation’s investment policy does not allow for an investment in any single equity position greater than 10 percent of the Foundation’s total equity portfolio per manager. The Foundation’s investment policy does not address concentration of credit risk with respect to fixed income investments.

At June 30, 2021 and 2020, the Foundation’s carrying amount of cash deposits was \$98,720 and \$59,658, respectively, and the bank balance was \$99,629 and \$67,574, respectively. The Foundation’s cash deposits are covered 100% by federal depository insurance (FDIC). The Foundation is authorized to invest in corporate bonds and stocks, money market funds, mortgages and notes. Cash also includes cash on hand of \$200 as of June 30, 2021 and 2020, respectively.

The Foundation maintains cash/money market accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021 there was \$97,631 in excess of federal-insurance limits and as of June 30, 2020 there was \$209,536 in excess of federal-insurance limits.

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation’s investment policy does not contain requirements that would limit exposure to custodial credit risk for investments.

Foreign currency risk – The alternate investments that the Foundation invests in consist of foreign currency futures. However, the Foundation is not exposed to foreign currency risk as their investment is in U.S. dollars.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2021, the Foundation had the following investments:

Investment type	Fair Value	2021 Investment Maturity (in years)				Rating	Agency
		Less than 1	1 - 5	6 - 10	More than 10		
Money market fund	\$ 818,099	818,099	\$ -	\$ -	\$ -	Not rated	-
Domestic equity	16,258,361	16,258,361	-	-	-	Not rated	-
International equity	1,478,911	1,478,911	-	-	-	Not rated	-
Fixed income (bonds)	10,091,416	10,091,416	-	-	-	Not rated	-
	<u>28,646,787</u>	<u>\$ 28,646,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Less cash equivalents, at cost							
Money market fund	818,099						
Total cash equivalents, at cost	<u>818,099</u>						
Total investments	<u>\$ 27,828,688</u>						

At June 30, 2020, the Foundation had the following investments:

Investment type	Fair Value	2020 Investment Maturity (in years)				Rating	Agency
		Less than 1	1 - 5	6 - 10	More than 10		
Money market fund	\$ 709,536	\$ 709,536	\$ -	\$ -	\$ -	Not rated	-
Mutual funds	14,507,529	14,507,529	-	-	-	Not rated	-
Exchange traded funds	4,079,676	4,079,676	-	-	-	Not rated	-
Corporate stock	2,067,629	2,067,629	-	-	-	Not rated	-
Foreign stock	1,706,516	1,706,516	-	-	-	Not rated	-
	<u>23,070,886</u>	<u>\$ 23,070,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Less cash equivalents, at cost							
Money market fund	709,536						
Total cash equivalents, at cost	<u>709,536</u>						
Total investments	<u>\$ 22,361,350</u>						

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

GASB Codification Section 3100; *Fair Value Statement Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASBC 150 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- 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 for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Equities: Valued at quoted market prices.

Mutual funds: Valued at quoted market prices.

Exchange traded funds: Valued at quoted market prices.

Fixed income (bonds): Valued at quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2021.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 17,737,272	\$ 17,737,272	\$ -	\$ -
Fixed income (Bonds)	10,091,416	10,091,416	-	-
Total investments	\$ 27,828,688	\$ 27,828,688	\$ -	\$ -

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 3,774,145	\$ 3,774,145	\$ -	\$ -
Mutual funds	14,507,529	14,507,529	-	-
Exchange traded funds	4,079,676	4,079,676	-	-
Total investments	\$ 22,361,350	\$ 22,361,350	\$ -	\$ -

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions/ Transfers	Ending Balance
Capital assets, not being depreciated:			
Land	\$ 53,847	\$ -	\$ 53,847
Other assets	112,800	-	112,800
Land held for sale	2	-	2
Total capital assets, not being depreciated	166,649	-	166,649
Capital assets, being depreciated:			
Buildings	76,446	-	76,446
Furniture and equipment	42,197	-	42,197
Total capital assets being depreciated	118,643	-	118,643
Less accumulated depreciation for:			
Buildings	(71,689)	(1,960)	(73,649)
Furniture and equipment	(42,197)	-	(42,197)
Total accumulated depreciation	(113,886)	(1,960)	(115,846)
Total capital assets, being depreciated, net	4,757	(1,960)	2,797
Capital assets, net	\$ 171,406	\$ (1,960)	\$ 169,446

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 3: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions/ Transfers	Ending Balance
Capital assets, not being depreciated:			
Land	\$ 53,847	\$ -	\$ 53,847
Other assets	117,600	(4,800)	112,800
Land held for sale	3,537	(3,535)	2
Total capital assets, not being depreciated	174,984	(8,335)	166,649
Capital assets, being depreciated:			
Buildings	76,446	-	76,446
Furniture and equipment	42,197	-	42,197
Total capital assets being depreciated	118,643	-	118,643
Less accumulated depreciation for:			
Buildings	(69,729)	(1,960)	(71,689)
Furniture and equipment	(42,197)	-	(42,197)
Total accumulated depreciation	(111,926)	(1,960)	(113,886)
Total capital assets, being depreciated, net	6,717	(1,960)	4,757
Capital assets, net	\$ 181,701	\$ (10,295)	\$ 171,406

Depreciation expense was \$1,960 for both of the years ended June 30, 2021 and 2020, respectively.

Land held for sale consists of parcels of land donated to the Foundation. The use of the land and/or the proceeds from the sale of the parcels is not restricted. The land was recorded at its fair market value on the date of the gift. Two of the parcels of land are located on Grand Bahamas Island. Due to the uncertainty of the existing and pending Bahamian legislation, management determined the land should be recorded at a nominal value of \$1 each. Total land held for sale at June 30, 2021 and at June 30, 2020 is \$2.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following as of June 30, 2021 and 2020:

<i>June 30,</i>	2021		2020	
Trade payable	\$	5,704	\$	1,200
Sales tax payable		1		27
Total	\$	5,705	\$	1,227

Note 5: ARTWORK

Included in the June 30, 2021 and 2020 statements of net position is \$112,800 of donated artwork classified in other non-depreciable assets, which is recorded at its appraised value as of the date of the donation. The artwork was donated with a stipulation that restricted the Foundation from selling it for two years from the date of donation. The terms of all such stipulations have expired. Accordingly, the use of the artwork and/or the proceeds from any sales is not restricted as of June 30, 2021 and 2020.

Note 6: RELATED PARTY TRANSACTIONS

Use of Property Facilities and Personal Services

Section 1004.70(3)(a), Florida Statutes, authorizes a College Board of Trustees to permit the use of its property, facilities and personal services by the College's direct support organizations. During the years ended June 30, 2021 and 2020, the College allowed the Foundation to utilize the services of its employees in the amount of \$88,344 and \$227,327, respectively.

Due from the College

The Foundation, as a direct support organization of the College, uses the College's bank account to receipt some donations and disburse some scholarship expenses. An agency account is set up on the books of the College to record this activity and it is reconciled monthly with the accounting records of the Foundation. At June 30, 2021 and 2020, the cash position in the agency account reflected a positive cash balance of \$55,791 and \$49,633, respectively, which, in effect, becomes a "due from" the College for reporting purposes.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 6: RELATED PARTY TRANSACTIONS (Continued)

The College, in its role as fiscal agent for the Foundation, participates in the Florida Treasury Investment Pool, which combines short and intermediate term fixed income investment strategies. The asset structure is designed to provide strong liquidity using short term, high quality investments and additional investment income using intermediate investments. Funds of organizations can be used if they are participating in the Treasury Special Purpose Investment Accounts (“SPIA”). As of June 30, 2021 and 2020, \$65,280 and \$286,585, respectively, of the Foundation’s funds are included in this account. The total amount due from the College to the Foundation as of June 30, 2021 and 2020 is \$121,071 and \$336,218, respectively.

Interest earnings are allocated to the Foundation in proportion to the amount of Foundation funds to total funds.

Donations – The Foundation received \$128,112 and \$127,830 in donations from its Board of Directors during the years ending June 30, 2021 and 2020, respectively.

Note 7: RETIREMENT PLAN

As a direct support organization of the College, all regular employees of the Foundation participate in the Florida Retirement System (“System”). The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services’ website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 7: RETIREMENT PLAN (Continued)

Benefits Provided – Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer’s contribution rates as of June 30, 2021 and 2020, were as follows:

2021	FRS	HIS
Regular class	8.34%	1.66%
2020	FRS	HIS
Regular class	6.81%	1.66%

The employer’s contributions to the FRS for the years ended June 30, 2021 and 2020, were \$12,825 and \$9,741, respectively. The employer’s contributions to the HIS for the years ended June 30, 2021 and 2020, were \$2,553 and \$2,374, respectively. The amount of covered payroll for College employees funded by the Foundation for the years ended June 30, 2021 and 2020, were \$153,778 and \$143,038, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Foundation reported a liability of \$0 for its proportionate share of the Pension Plan’s net pension liability. As discussed in Note 6, employees eligible to participate in the system are employed by the College and therefore none of the net pension liability is allocated to the Foundation.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 7: RETIREMENT PLAN (Continued)

Actuarial Assumptions – The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2019, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for the FRS Pension Plan was based on the PUB-2010 with projected generations with scale MP-2018

Mortality assumptions for the HIS Pension Plan was based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 7: RETIREMENT PLAN (Continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Annual Compound Annual (Geometric) Return
Cash	1%	2.2%	2.2%
Fixed income	19%	3.0%	2.9%
Global equity	54%	8.0%	6.7%
Real estate (property)	10%	6.4%	5.8%
Private equity	11%	10.8%	8.1%
Strategic investments	5%	5.5%	5.3%
	<u>100%</u>		

Discount Rate – The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Pension Plans' Fiduciary Net Position – Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Note 8: RENTAL INCOME

The Foundation entered into a lease agreement with a company renting out a billboard for \$2,500 a year for 15 years commencing on January 1, 2009. At June 30, 2021, the future minimum payments to be received under the leases are as follows:

<u>Fiscal year ending June 30,</u>	
2022	2,500
2023	2,500
2024	1,250
<u>Total</u>	<u>\$ 6,250</u>

Eastern Florida State College Foundation, Inc.
(A Component Unit of Eastern Florida State College)
Notes to Financial Statements

Note 9: DONOR RESTRICTED ENDOWMENT

The Foundation had available as of June 30, 2021 and 2020, \$9,330,568 and \$5,647,334 respectively, of earnings on donor restricted endowments that were available for authorization for expenditure by the Board of Directors. These earnings are reported under their respective restriction in expendable restricted net position. The Foundation's current spending policy is 5% of the 3 year average of the endowments total assets. The Foundation is authorized to spend funds in accordance with the Florida Uniform Prudent Management of Institutional Funds Act. (FS 617.2104)

Note 10: CHANGE IN ENOWMENT NET POSITION

The following tables present the changes in net position for the Foundation's endowments for the years ended June 30, 2021 and 2020:

	2021		
	Expendable	Nonexpendable	Total
Endowment net position, beginning of year	\$ 5,647,334	\$ 12,132,898	\$ 17,780,233
Interest and dividends	458,823	-	458,823
Net appreciation	3,741,328	-	3,741,328
Contributions	-	189,185	189,185
Appropriation of endowment assets for expenditures	(516,918)	-	(516,918)
Endowment net position, end of year	\$ 9,330,568	\$ 12,322,083	\$ 21,652,651

	2020		
	Expendable	Nonexpendable	Total
Endowment net position, beginning of year	\$ 5,275,717	\$ 11,790,483	\$ 17,066,200
Interest and dividends	338,703	-	338,703
Net appreciation	428,394	-	428,394
Contributions	-	342,415	342,415
Appropriation of endowment assets for expenditures	(495,479)	-	(495,479)
Other changes	100,000	-	100,000
Endowment net position, end of year	\$ 5,647,334	\$ 12,132,898	\$ 17,780,232

Eastern Florida State College Foundation, Inc.
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Note 11: UNCERTAINTY

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.



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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
Eastern Florida State College Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Florida State College Foundation as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Florida State College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eastern Florida State College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Florida State College 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

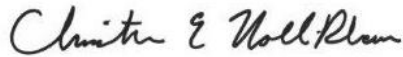
Melbourne, Florida
September 14, 2021

**EASTERN FLORIDA STATE COLLEGE FOUNDATION
DR. PHILIP BENJAMIN MATCHING PROGRAM FOR COMMUNITY COLLEGES
CERTIFICATION OF ACCURACY OF PRIVATE CONTRIBUTIONS RECEIPTED (FEBRUARY 2, 2020
THROUGH FEBRUARY 1, 2021)**

Chapter 1011.85(4)(c), Florida Statutes, states: "The audit of each foundation receiving state funds from this program must include a certification of accuracy in the amount reported for matching funds."

Auditor Certification of Accuracy:

This is to certify that the contributions reported in the final certification of private contributions are accurate according to college records. The contributions reported were aligned with the mission of the college and certified by the college board of trustees. The funds were received by **February 1, 2021** and have not been matched from previous state appropriations.



Signature of Foundation Auditor

September 14, 2021

Date

Christine E Noll-Rhan

Please print name

Please include this form in your published Direct Support Organization audit. Also attach a copy to the DSO Checklist along with a copy of the final private contributions certification form (bearing the President's signature) and return them to the Florida College System Office of Budget and Financial Services, 325 West Gaines Street, Suite 1224, Tallahassee, Florida 32399-0400.