



Florida State College at Jacksonville Foundation, Inc.

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Financial Statements and Supplementary Information

Years Ended September 30, 2021 and 2020



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Independent Auditors' Report

Board of Directors
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida State College at Jacksonville Foundation, Inc. (the "Foundation"), a direct-support organization and component unit of the Florida State College at Jacksonville, which comprise of the statements of net position as of September 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statement based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the *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 statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2021 and 2020, and the changes in its revenues, expenses and its cash flows for the years then ended, in conformity 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 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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 statement. 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for the year ended September 30, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Jacksonville, FL
February 9, 2022

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and activities of Florida State College at Jacksonville Foundation, Inc. (the "Foundation") for the years ended September 30, 2021 and 2020, and should be read in conjunction with the financial statements and related notes.

The Foundation is a direct-support organization and a component unit of Florida State College at Jacksonville (the "College"), a governmental agency. The Foundation's mission is to secure financial resources for Florida State College at Jacksonville to provide students in need access to an affordable, quality education and to enhance the lives and the economic development of Northeast Florida.

The Foundation's financial statements are presented on an accrual basis, which includes (1) assets and liabilities as current and noncurrent; (2) revenues and expenses as operating and non-operating; (3) the use of the direct method for the statement of cash flows; and (4) management's discussion and analysis of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

Pursuant to *GASB Statement No. 35*, the Foundation's financial report consists of these basic financial statements:

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

Financial Highlights

	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Contributions	\$ 2,541,202	\$ 1,172,357	\$ 936,219
Permanent endowments (included)	144,480	99,107	168,240
Scholarships	791,323	768,885	691,665
Artist Series – Net operating income	2,565,958	517,845	225,387
Patron contributions (included)	328,266	470,088	297,107
Unearned ticket revenue	12,209,589	7,999,939	8,070,046
Net appreciation in investments	16,142,827	2,799,774	2,261,364
Net investment income (loss)	(117,901)	(55,468)	513,502
Change in net position	17,886,426	1,411,750	1,691,212
Net position, end of year	75,882,742	57,996,316	56,584,566

The \$12,209,589 in unearned ticket revenue for the Artist Series is a result of advance ticket sales for the upcoming 2022 season, which typically starts in November/December. These advance ticket sales speak to the high renewal rate of the Artist Series' annual subscribers and continued community interest in the various shows that are presented.

Cash contributions to the Foundation for the years ended September 30, 2021 and 2020, include major gifts greater than \$50,000 from donors such as Bank of America Foundation, Florida Blue Foundation, and Riverside Hospital Foundation.

State of Florida Grant Programs (Dr. Philip Benjamin Matching). At September 30, 2021 and 2020, the Foundation had \$16.4 million and \$14.8 million, respectively, of state matching funds for eligible donations (which are temporarily suspended) that may be funded by the State at a future date.

First Generation Matching Grant Program provided additional scholarship funding. Approved by the Florida Legislature, the program provides state matching funds for unrestricted contributions received by the Foundation and dedicated for this purpose at the sole discretion of the Foundation. In fiscal year 2021, the Foundation received \$85,200 of private contributions and a 100% state match allotment on those funds. The primary purpose of the program is to provide scholarship opportunities to students who are first-generation college students in their family.

Statements of Net Position

The purpose of the Statements of Net Position is to present the Foundation's financial condition as of the end of the fiscal year. The Statements of Net Position will enable the reader to determine the Foundation's ability to continue its operations, amounts owed to vendors and creditors, and the assets that are available to pay expenditures of the Foundation.

The following represents a condensed statements of net position and the changes in the Foundation's assets, liabilities and net position:

Florida State College at Jacksonville Foundation
Management's Discussion and Analysis

Condensed Statements of Net Position

	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>FY 21-20 Change</u>	<u>FY 20-19 Change</u>
Assets					
Current	\$ 18,030,695	\$ 10,400,501	\$ 9,813,048	\$ 7,630,194	\$ 587,453
Noncurrent	<u>72,543,682</u>	<u>57,575,289</u>	<u>55,502,029</u>	<u>14,968,393</u>	<u>2,073,260</u>
Total assets	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 22,598,587</u>	<u>\$ 2,660,713</u>
Liabilities					
Total liabilities	<u>\$ 14,691,635</u>	<u>\$ 9,979,474</u>	<u>\$ 8,730,511</u>	<u>\$ 4,712,161</u>	<u>\$ 1,248,963</u>
Net Position					
Restricted by donors	5,068,856	2,147,014	2,049,693	2,921,842	97,321
Permanent endowments	33,464,631	26,312,399	25,865,924	7,152,232	446,475
Unrestricted:					
Board appropriated	35,874,999	27,927,915	27,116,407	7,947,084	811,508
Unappropriated	<u>1,474,256</u>	<u>1,608,988</u>	<u>1,552,542</u>	<u>(134,732)</u>	<u>56,446</u>
Total net position	<u>75,882,742</u>	<u>57,996,316</u>	<u>56,584,566</u>	<u>17,886,426</u>	<u>1,411,750</u>
Total liabilities and net position	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 22,598,587</u>	<u>\$ 2,660,713</u>

Current assets

The increase in current assets in the current fiscal year is largely due to accounts receivable due from the College of \$11,627,991 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2021 Artist Series season.

The increase in current assets in the prior fiscal year is largely due to accounts receivable due from the College of \$8,228,966 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2020 Artist Series season.

Noncurrent assets

The 27% increase in investments from \$57 million to \$72.2 million is due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2021, as was the 3% increase in investments from \$55.3 million to \$57 million is due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2020. A more detailed breakdown of the Foundation's investments may be found in Notes 3, 4, 5, and 6 which are an integral part of these financial statements.

Liabilities

Total liabilities from the 2020 period to 2021 period increased by 47%, from \$9.9 million to \$14.7 million and can be ascribed to an increase in unearned pledge revenue. Total liabilities from the 2019 period to 2020 period increased by 14%, from \$8.7 million to \$9.9 million and can be largely ascribed to an increase in unearned ticket revenues associated with Artist Series' activities.

Net position

Net position at September 30, 2021 totaled \$75.9 million, an increase of \$17.9 million, or 31% from total net position of \$58 million as of September 30, 2020.

Net position at September 30, 2020 totaled \$58 million, an increase of \$1.4 million, or 2.5% from total net position of \$56.5 million as of September 30, 2019. Net position consists of two categories as follows:

1) Restricted assets consist of the following:

- Restricted by donors - expendable represents amounts which are available for spending in accordance with the donor's specified criteria; and
- Quasi endowments - expendable represents assets restricted by the Foundation as matching funds for the Dr. Philip Benjamin Matching Grant Program and for the Foundation's operational needs; and
- Permanent endowments - nonexpendable represents the Foundation's restricted nonexpendable endowment funds which are required to be held in perpetuity.

2) Unrestricted assets represent amounts available to the Foundation for operational purposes in support of its mission.

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to provide the details of the operating and non-operating activities for the fiscal year. This includes the revenues displayed by major source, expenses, and gains and losses received or incurred by the Foundation.

The Statements of Revenues, Expenses, and Changes in Net Position includes the following categories:

- Operating Revenues are revenues received from donor cash and noncash contributions, in-kind support from the College, grants and other program revenues.
- Operating Expenses represent expenses incurred for goods and services provided in return for the operating revenues to carry out the mission of the Foundation. Operating expenses include scholarships to College students, salaries and benefits, institutional and program support to the College, education programs, and management and general expenses supporting the Foundation operations, exclusive of Artist Series activities.
- Net Operating Income/(Loss) represents the amount of operating revenues in excess of the year's operating expenses and does not include non-operating revenue.
- Artist Series activities represents revenues and expenses related to the Foundation's Artist Series events, shows and other activities.
- Non-operating Revenues represents amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.
- Additions to Endowments represent contributions received for permanent endowments.

The change in net position is the result of the fiscal year's excess of revenues over expenses.

Florida State College at Jacksonville Foundation
Management's Discussion and Analysis

In summary, the Foundation is structured as follows:

Fund Development: Solicitation of donors for endowed and non-endowed contributions for scholarships, programs, and other needs of the College.

Foundation Support: Financial accounting, investment administration and operations support for the Foundation. The allocation of funds allocations is also determined therein.

Artist Series: Production of Broadway shows and performing arts programs from which the Foundation receives the net operating income at the end of the Series season.

Non-Operating Revenues (Expenses): Amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.

Additions to Endowments: Contributions received for permanent endowments.

Condensed Statements of Revenue, Expenses and Changes in Net Position

	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>FY 21-20 Change</u>	<u>FY 20-19 Change</u>
Fund Development					
Revenues	\$ 2,114,897	\$ 653,404	\$ 840,385	\$ 1,481,493	\$ (186,981)
Program services	(1,869,423)	(1,758,747)	(1,371,278)	110,676	387,469
Foundation support	<u>(1,094,412)</u>	<u>(844,165)</u>	<u>(946,388)</u>	<u>250,247</u>	<u>(102,223)</u>
Operating (loss)	<u>(848,938)</u>	<u>(1,949,508)</u>	<u>(1,477,281)</u>	<u>1,120,570</u>	<u>(472,227)</u>
Artist Series					
Revenues from shows	4,778,072	8,252,827	6,160,342	(3,474,755)	2,092,485
Expenses of shows	<u>(2,212,114)</u>	<u>(7,734,982)</u>	<u>(5,934,955)</u>	<u>(5,522,868)</u>	<u>(1,800,027)</u>
Net activities	<u>2,565,958</u>	<u>517,845</u>	<u>225,387</u>	<u>2,048,113</u>	<u>292,458</u>
Net investment Income	<u>16,024,926</u>	<u>2,744,306</u>	<u>2,774,866</u>	<u>13,280,620</u>	<u>(30,560)</u>
Changes in net position before contributions to permanent endowments	<u>17,741,946</u>	<u>1,312,643</u>	<u>1,522,972</u>	<u>16,449,301</u>	<u>(210,329)</u>
Contribution to permanent endowments	<u>144,480</u>	<u>99,107</u>	<u>168,240</u>	<u>45,373</u>	<u>(69,133)</u>
Total net position	<u>\$ 75,882,742</u>	<u>\$ 57,996,316</u>	<u>\$ 56,584,566</u>	<u>\$ 17,906,424</u>	<u>\$ 1,411,750</u>

The Statement of Revenues, Expenses and Changes in Net Position is presented as part of the basic financial statements. For the years ended September 30, 2021 and 2020, the Foundation's increase in net position before contributions to endowments were \$17.7 and \$1.3 million, respectively, primarily due to the increase in market values for investments.

Fund development

For the years ended September 30, 2021 and 2020, the Foundation received major gifts from donors such as Bank of America Foundation, Florida Blue Foundation, and Riverside Hospital Foundation.

Artist Series

The Artist Series had \$12,209,589 in advanced ticket sales for the 2022 season, an increase of \$4,209,650 from the previous year end 2021 season.

The Artist Series had \$7,999,939 in advanced ticket sales for the 2021 season, a decrease of \$70,108 from the previous year end 2020 season.

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$429,485 for the year ended September 30, 2021, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$517,845 for the year ended September 30, 2020, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

Non-operating revenues and expenses

Year Ended September 30, 2021

Non-operating Revenues/Expenses totaled a \$16 million net gain, which includes interest and dividend, net of investment fees loss of \$117,901. Investment gains of \$16.1 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

Year Ended September 30, 2020

Non-operating Revenues/Expenses totaled a \$2.7 million net gain, which includes interest and dividend, net of investment fees loss of \$55,468. Investment gains of \$2.8 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

Additions to endowments

Year Ended September 30, 2021

Permanent Endowments. The Foundation received \$144,480 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2021.

Year Ended September 30, 2020

Permanent Endowments. The Foundation received \$99,107 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2020.

Statements of Cash Flows

The Statements of Cash Flows provides certain information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents and indicates the cash provided by and used for operating, capital and related financing activities, and investing activities.

Operating Activities include funds received from private donors, projects, grants and other sources, and Artist Series activities and payments made to employees, suppliers for goods and services, and the College for programs, institutional and facilities support for Foundation operations.

Noncapital Financing Activities include funds received from donors for contributions to permanent endowments.

Investing Activities represent funds used to purchase investments and funds received from proceeds of investment sales, interest and dividends, and distributions from private equity funds.

Capital Assets

The Foundation had no capital assets at September 30, 2021 or 2020.

Economic Outlook

The financial position of the Foundation is directly affected by certain economic conditions of Jacksonville's local economy. Through private and corporate contributions, as well as net operating revenues from Artist Series activities, the Foundation is expected to be able to directly support Florida State College at Jacksonville's efforts to continue providing scholarship support to students, the development of new programs to meet the ever-changing needs of employers and provide a leadership role in educational and community services for Duval and Nassau counties in northeast Florida.

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses.

The COVID-19 pandemic has disrupted the operational and financial performance of the Foundation and there is significant uncertainty in the nature and degree of its continued effects on the Foundation over time. The extent to which it will impact the Foundation going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on the Foundation's employees and vendors, as well as governmental, regulatory, and private sector responses. Further, the pandemic may have a significant impact on management's accounting estimates and assumptions.

Requests for Information

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Cleve E. Warren, Executive Director
Florida State College at Jacksonville Foundation, Inc.
501 West State Street, Suite 104
Jacksonville, Florida 32202

Florida State College at Jacksonville Foundation, Inc.
Statements of Net Position
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,868,494	\$ 1,376,402
Pledges receivable, current	1,163,927	697,088
Accounts receivable, net	150,652	-
Due from Florida State College at Jacksonville	11,627,991	8,228,966
Prepaid expenses	<u>219,631</u>	<u>98,045</u>
Total current assets	18,030,695	10,400,501
Noncurrent assets:		
Pledges receivable long-term, net	150,000	573,143
Investments, fair value	72,276,193	56,886,780
Artwork	23,675	23,675
Restricted cash, agency endowment	<u>93,814</u>	<u>91,691</u>
Total assets	<u><u>\$ 90,574,377</u></u>	<u><u>\$ 67,975,790</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Due to Florida State College at Jacksonville	\$ 1,054,307	\$ 617,613
Unearned revenues	1,333,925	1,270,231
Unearned revenues - Artist Series	<u>12,209,589</u>	<u>7,999,939</u>
Total current liabilities	<u>14,597,821</u>	<u>9,887,783</u>
Funds held as agency endowment	<u>93,814</u>	<u>91,691</u>
Total liabilities	<u>14,691,635</u>	<u>9,979,474</u>
Net Position:		
Restricted:		
Restricted by donors - expendable	5,068,856	2,147,014
Permanent endowments - nonexpendable	33,464,631	26,312,399
Unrestricted:		
Board appropriated	35,874,999	27,927,915
Unappropriated	<u>1,474,256</u>	<u>1,608,988</u>
Total net position	<u>75,882,742</u>	<u>57,996,316</u>
Total liabilities and net position	<u><u>\$ 90,574,377</u></u>	<u><u>\$ 67,975,790</u></u>

See accompanying notes.

Florida State College at Jacksonville Foundation, Inc.
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2021 and 2020

	2021	2020
Program and Fund Development Activities		
Operating revenues:		
Contributions	\$ 2,068,456	\$ 603,162
In-kind support from Florida State College at Jacksonville	32,317	32,317
Noncash contributions	11,124	13,925
Other revenues	3,000	4,000
Total operating revenue from program and fund development activities	2,114,897	653,404
Operating expenses:		
Program services:		
Scholarships	791,323	768,885
Institutional and program support	1,078,100	989,862
Total program services	1,869,423	1,758,747
Supporting Services:		
Salaries and benefits	513,000	431,980
Management and general	581,412	412,185
Total expenses	2,963,835	2,602,912
Operating loss from program and fund development activities	(848,938)	(1,949,508)
Artist Series		
Revenues from performing arts events and shows	222,615	7,571,051
Other revenues from Artist Series	173,866	165,028
Contributions	328,266	470,088
Grants	48,230	46,660
Shuttered Venue Operators Grant	4,005,095	-
Expenses of performing arts events	(1,254,335)	(6,763,771)
Salaries and benefits	(957,779)	(971,211)
Total Artist Series activities, net	2,565,958	517,845
Operating income (loss)	1,717,020	(1,431,663)
Non-Operating Revenues (Expenses)		
Interest and dividends, net of investment fees	(117,901)	(55,468)
Net appreciation in investment	16,142,827	2,799,774
Total non-operating revenues, net	16,024,926	2,744,306
Change in net position before contributions to endowments	17,741,946	1,312,643
Contributions to permanent endowments	144,480	99,107
Change in net position	17,886,426	1,411,750
Net position, beginning	57,996,316	56,584,566
Net position, ending	\$ 75,882,742	\$ 57,996,316

See accompanying notes.

Florida State College at Jacksonville Foundation, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Received from private donors	\$ 1,774,281	\$ (400,006)
Received from projects, grants, and other sources	4,087,924	83,829
Received from performing arts productions	1,525,710	9,421,373
Payment received (from) in funds held as agency endowment, net	2,123	3,228
Payments to College for scholarships	(180,917)	(158,479)
Payments to employees and suppliers for goods and services	(3,416,799)	(9,097,699)
Payments to College for programs and facilities support	(1,078,100)	(989,862)
Net cash provided by (used in) operating activities	2,714,222	(1,137,616)
Cash flows from investing activities:		
Purchases of investments	(1,106,242)	(437,519)
Proceeds from sale of investments	-	411,065
Distributions from private equity investments	1,859,656	1,182,447
Interest and dividends received, net of investment fees	(117,901)	(55,468)
Net cash provided by investing activities	635,513	1,100,525
Cash flows from financing activities:		
Contributions to permanent endowment fund	144,480	99,107
Net cash provided by financing activities	144,480	99,107
Net increase in cash and cash equivalents, including restricted	3,494,215	62,016
Cash and cash equivalents, including restricted beginning	1,468,093	1,406,077
Cash and cash equivalents, including restricted, ending	\$ 4,962,308	\$ 1,468,093
Reconciliation of operating income (loss) to net cash flow from operating activities:		
Operating income (loss)	\$ 1,717,020	\$ (1,431,663)
Adjustment to reconcile operation loss to net cash flow from operating activities:		
Increase in pledges receivable	(43,696)	(923,339)
Increase in accounts receivable	(150,652)	-
Increase in amount due from College	(3,399,025)	(352,970)
(Increase) decrease in prepaid expenses	(121,586)	321,393
Increase in amount due to College	436,694	45,612
Increase in unearned revenues	4,273,344	1,200,123
Increase in funds held as agency endowment	2,123	3,228
	\$ 2,714,222	\$ (1,137,616)

See accompanying notes.

Notes to the Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

The Florida State College at Jacksonville Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized as a direct-support organization, as defined in Section 1004.70 of the *Florida Statutes*, and a component unit of the Florida State College at Jacksonville (the "College"). The Foundation provides financial support for the benefit of the students and programs of the College.

Revenue and support are received primarily from individuals and businesses, most of whom are located in northeast Florida. The Foundation also derives financial resources from the FSCJ Artist Series (the "Artist Series") program which operates as a fundraising component of the Foundation and College. The Artist Series is a presenter of performing arts events and shows in northeast Florida and supports the College's performing arts efforts including the Scholarship Endowment Fund. The Fund supports performing arts students, as well as other students, attending Florida State College at Jacksonville.

Basis of accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. The Foundation follows pronouncements issued by the Governmental Accounting Standards Board (GASB). GASB establishes 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. These pronouncements also include a requirement that management provide a discussion and analysis of the basic financial statement and the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets:**
Capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt that is attributable to those assets (currently not applicable to the Foundation).
- **Restricted**
Consists of assets that have externally imposed constraints placed upon their use, either by donors or through laws, regulations, or restrictions imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets as follows:
 - **Expendable** - net position that is subject to donor, grantor or other outside party restrictions as to use for the benefit of various programs at the College or Foundation, including the expendable portion of endowment funds;
 - **Nonexpendable** - net position representing the nonexpendable portion of endowment funds that are subject to donor, grantor or other outside party restrictions as to use for the benefit of various programs at the College or Foundation.

- **Unrestricted**

Net position that does not meet the definition of “restricted” or “net investment in capital assets”, and are available without restriction for carrying out the Foundation’s objectives. Unrestricted net position may also be appropriated for specific purposes by action of the Foundation’s Board of Directors.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all cash on hand, cash on deposit, and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At September 30, 2021 and 2020, unrestricted cash and cash equivalents included amounts on deposit with a commercial bank totaling \$3,979,259 and \$916,109 respectively, which are available for immediate withdrawal. Restricted cash and cash equivalents totaled \$983,049 and \$551,984 at September 30, 2021 and 2020, respectively, consisting of bank demand deposit accounts.

Custodial credit risk - deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation may not be able to recover its deposits. The Foundation periodically maintains public deposits in excess of the Federal Deposit Insurance Corporation. All such public deposits as defined by Chapter 280, Florida Statutes are placed in Qualified Public Depositories. The Foundation had \$3,983,043 and \$220,400 in excess of federally insured limits at September 30, 2021 and 2020, respectively. Management does not believe there is any significant credit risk relative to these deposits.

Investments

Investments are stated principally at fair value based on quoted market values. Private equity fund and other alternative investments are based on external valuation sources. Net realized and unrealized gains and losses are recognized in the accompanying statement of revenues, expenses, and changes in net position. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other restrictions as well as investments not expected to be used during the Foundation’s next fiscal year. The Foundation’s intent is to hold its investments for the long term. However, the short-term operating needs of the Foundation may, at times, require the sale of a portion of these assets, subject to the approval of its Finance Committee from recommendation of the investment committee.

Unearned revenues - Artist Series

Unearned revenues primarily represent tickets sold in advance for Artist Series events and shows occurring after the statement of net position reporting date.

Contributions and pledges

The Foundation recognizes unrestricted contributions, including unconditional promises to give, as assets and revenues in the period received at fair values. Contributions are considered unrestricted unless their use is specifically restricted by the donor. Gifts of cash and other assets are reported as restricted support if their use is restricted by any outside party.

The Foundation receives pledges of financial support from corporations and individuals. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*”, endowment pledges or other pledges restricted for use in future periods do not meet eligibility requirements and are not recorded until the related gift is received.

Donor-restricted endowments

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on a 36-month average nonexpendable endowment balance. In accordance with state law, these funds are then available for expenditure, at 4% annually, when the specific donor criteria are met.

In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce restricted expendable net position to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before a loss occurs. Any remaining loss reduces unrestricted net position.

If losses reduce the assets of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net position.

After the fair value of the assets of the endowment fund equals the required level, gains that are restricted by the donor are classified as increases in restricted expendable net position or restricted nonexpendable net position, depending on the donor's restrictions.

Operating income

Operating revenues and expenses are those items resulting from providing services and producing and delivering goods and services. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, net gains and losses on investments, and contributions received for endowments or from state matching funds are considered non-operating. When both restricted and unrestricted resources are available for use, the Foundation's policy is to use restricted resources first, then unrestricted resources as needed.

In-kind contributions

The College provides the Foundation with certain administrative and fiscal services, support personnel and staff, and office space at no cost. In addition, the College may incur expenses for the Artist Series performing arts events in excess of amounts reimbursed by the Foundation. Third parties, at times, may also contribute certain non-cash items for the benefit of the College. Such in-kind contributions are recorded at their estimated fair values both as revenues and expenses.

Real estate and artwork

Real estate and artwork are stated at cost on the date of purchase, or in the case of donated gifts, at their estimated fair value on the date of contribution. Changes in estimated fair value are recognized in the statement of changes in net position. Upon disposition, any related gain or loss is included in the change in net position.

Advertising and promotion

Advertising and promotion costs are primarily related to Artist Series shows and events. These costs are expensed as incurred. Advertising and promotion expense totaled \$26,631 and \$79,346 for the years ended September 30, 2021 and 2020.

Income taxes

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statement; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

In October 2021, the Foundation was awarded approximately \$2 million in grant funds under the Shuttered Venue Operators Grant program, as described in Note 7.

The Foundation has evaluated the effect subsequent events would have on the financial statements through February 9, 2022, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable are presented in the accompanying statements of financial position as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 1,187,033	\$ 697,088
Receivable in one to five years	<u>150,000</u>	<u>576,251</u>
	1,337,033	1,273,339
Discount to present value	<u>(23,106)</u>	<u>(3,108)</u>
Pledges receivable, net	<u>\$ 1,313,927</u>	<u>\$ 1,270,231</u>

Pledges receivable are recorded at net realizable value in accordance with GASB 33. Pledges receivable for amounts due in greater than one year from the reporting date have been discounted at 1.53% and 1.59% at September 30, 2021 and 2020, respectively. No allowance for uncollectible pledges was considered necessary at September 30, 2021 and 2020.

Eight donors represented all of total pledges receivable at September 30, 2021. Seven donors represented all of total pledges receivable at September 30, 2020.

3. Investments

The Foundation's investments are recorded at fair value and consist of corporate bonds, U.S. government bonds and agency securities, equity mutual funds, fixed income mutual funds, money market funds, and private equity funds. Real estate and artwork available for sale are recorded at estimated fair values.

The estimated fair values of investments are based on valuations provided by external investment managers and consist of the following:

	<u>2021</u>	<u>2020</u>
External pooled investment funds:		
Domestic equities	\$ 37,437,985	\$ 31,935,624
International equities	6,914,395	5,546,300
Real estate securities	3,621,630	2,577,928
Fixed income	11,532,274	8,363,733
Commodities	810,083	574,943
Money market	96,477	96,451
Private equity funds	11,863,349	7,791,801
Artwork	<u>23,675</u>	<u>23,675</u>
	<u>\$ 72,299,868</u>	<u>\$ 56,910,455</u>

The Foundation had subscribed to a total capital commitment in private equity funds of \$11,150,000. Additional subscriptions increased total capital commitments to \$14,150,000 and \$10,900,00 at September 30, 2021 and 2020 respectively. Cumulative capital calls totaled \$10,218,040 through September 30, 2021 (\$9,011,625 at September 30, 2020), leaving future capital commitments of \$3,931,960. Capital calls are due from time to time without notice in varying amounts. The Foundation generally expects to be able to meet its capital commitment obligations.

The Foundation's net investment income is summarized as follows:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gains	\$ 16,142,827	\$ 2,799,774
Interest and dividend income	937	35,847
Investment management fees	<u>(118,838)</u>	<u>(91,315)</u>
Net investment income	<u>\$ 16,024,926</u>	<u>\$ 2,744,306</u>

4. Deposit and Investment Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the following disclosures of credit and interest rate risk related to the Foundation's investment holdings that are invested in fixed-income funds as of September 30, 2021 and 2020:

	2021			
	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Effective Duration</u>	<u>Average Credit Quality*</u>
Commonfund Intermediate Term Fund	\$ 2,326,060	2.5 years	1.7 years	AA
Commonfund Multi-Strategy Bond Fund	<u>9,206,214</u>	7.3 years	6.4 years	A+
Total fixed income securities	<u>\$ 11,532,274</u>			

	2020			
	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Effective Duration</u>	<u>Average Credit Quality*</u>
Commonfund Intermediate Term Fund	\$ 2,318,855	2.4 years	1.9 years	AA
Commonfund Multi-Strategy Bond Fund	<u>6,044,878</u>	7.9 years	5.4 years	A
Total fixed income securities	<u>\$ 8,363,733</u>			

Interest rate risk

The Foundation's investment policy does not specifically limit debt obligation maturities. However, as a means of managing the Foundation's exposure to fair value losses arising from changes in interest rates, the policy provides for diversifying fixed-income investments among maturities according to interest rate prospects.

Credit risk

The Foundation's investment policy provides that no more than 15% of the corporate debt securities in the fixed-income portfolio may be rated below investment-grade.

Custodial credit risk

The Foundation's investment policy does not address custodial credit risk.

Concentration of credit risk

The Foundation's investment policy provides that the maximum amount invested in the securities of a single issuer may not exceed 5% of total investments. Securities issued by the United States government and its agencies are not subject to this limitation.

5. Fair Value of Financial Assets

The Foundation implemented GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), effective July 1, 2015. GASB 72 establishes the accounting and financial reporting issues related to fair value measurements of investments. The Foundation's investments are reported at fair value, as defined under U.S. generally accepted accounting principles, which establishes a framework for measuring fair value and requires disclosures about fair value measurements. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Foundation has characterized its investments based on a three-level hierarchy to classify fair value measurements for disclosure purposes as follows:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management judgment and estimation. Such investment valuations are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation uses the market approach valuation technique to value its investments.

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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Prices for certain cash equivalents and investment securities, such as U.S. government bonds and agency securities, fixed income and equity mutual funds, and corporate bonds, are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

There is little or no observable market data for the prices of, private equity funds and artwork that are held by the Foundation. As a result, the fair values of these investments are categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value.

Commingled external investment pools

The Foundation's investments, including its endowments, in Commonfund are commingled external investment pools of assets in which investors own units of the fund, not the actual underlying securities in the fund. Each fund of the commingled investment pool allocates their assets among a select group of private investment funds. The funds pursue multiple strategies to diversify risks and reduce volatility. The Foundation records the fair value of its fund of the commingled funds' investments based on their proportionate share of the underlying fair value of the fund's net asset value as reported by the fund's investment manager. The Foundation's investments in the

Florida State College at Jacksonville Foundation, Inc.
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Commonfund external investment funds are categorized as Level 2 or 3 of the fair value hierarchy, dependent upon whether the inputs are observable or unobservable.

Private equity funds

Certain of the Foundation's endowment investments with Commonfund are also made in external private equity funds. Private equity funds are typically structured as closed-end, commitment-based investment funds in which the entity commits a specified amount of capital upon the fund's inception. Such funds generally do not provide for redemption options for investors nor permit subscriptions by new or existing investors. Accordingly, the interests in such private equity funds do not have an active market and are classified as Level 3 of the fair value hierarchy.

Artwork and real estate

Artwork and real estate are valued at their fair value on the date of donation. Since there is no active market for these investments, they are classified as Level 3 of the fair value hierarchy.

The following summarizes the Foundation's investments carried by level within the valuation hierarchy:

	2021			
	Level 1	Level 2	Level 3	Fair Value
Fixed income mutual funds	\$ -	\$ 11,532,274	\$ -	\$ 11,532,274
Equity mutual funds	-	37,437,985	-	37,437,985
International mutual funds	-	5,891,323	-	5,891,323
Real estate mutual funds	-	3,621,630	-	3,621,630
Commodity mutual funds	-	810,083	-	810,083
Emerging markets mutual funds	-	1,023,072	-	1,023,072
Money market	-	96,477	-	96,477
Private equity funds	-	-	11,863,349	11,863,349
Artwork	-	-	23,675	23,675
Total	<u>\$ -</u>	<u>\$ 60,412,844</u>	<u>\$ 11,887,024</u>	<u>\$ 72,299,868</u>

	2020			
	Level 1	Level 2	Level 3	Fair Value
Fixed income mutual funds	\$ -	\$ 8,363,733	\$ -	\$ 8,363,733
Equity mutual funds	-	31,935,624	-	31,935,624
International mutual funds	-	4,679,143	-	4,679,143
Real estate mutual funds	-	2,577,928	-	2,577,928
Commodity mutual funds	-	574,943	-	574,943
Emerging markets mutual funds	-	867,157	-	867,157
Money market	-	96,451	-	96,451
Private equity funds	-	-	7,791,801	7,791,801
Artwork	-	-	23,675	23,675
Total	<u>\$ -</u>	<u>\$ 49,094,979</u>	<u>\$ 7,815,476</u>	<u>\$ 56,910,455</u>

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Notes to the Financial Statements

The following is a reconciliation of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>2021</u>	<u>2020</u>
Fair value, beginning of period	\$ 7,815,476	\$ 7,694,700
Net realized and unrealized gains	5,115,525	911,266
Distributions	(1,859,656)	(1,182,447)
Purchases	<u>815,679</u>	<u>391,957</u>
Fair value, end of period	<u>\$ 11,887,024</u>	<u>\$ 7,815,476</u>

6. Funds Held as Agency Endowment

The Foundation holds certain funds as an agency endowment for the Prosperity Scholarship Fund, which provides scholarships to financially eligible students to attend college in northeast Florida. Scholarships to eligible students may be used at Florida State College at Jacksonville, University of North Florida, Jacksonville University, or Edward Waters College. Contributions to the Prosperity Scholarship Fund are permanently endowed and the investment earnings on the endowed account are used to fund the scholarships.

The Foundation recognizes an asset and liability which is measured at the fair value of the funds received from the donor. Distributions of cash for scholarships to specified third-party recipients are reported as decreases in the asset and related liability. Financial activity related to the fund is excluded from the Foundation's statements of revenues, expenses and changes in net position.

At September 30, 2021 and 2020, the balance in the Prosperity Scholarship Endowment account totaled \$93,814 and \$91,691, respectively, which is presented as a liability in the Foundation's statements of financial position. The following summarizes the fund's activity:

	<u>2021</u>	<u>2020</u>
Agency endowment fund balance, beginning of year	\$ 91,691	\$ 88,463
Contributions	6,623	6,713
Distributions to recipient colleges	<u>(4,500)</u>	<u>(3,485)</u>
Agency endowment fund balance, end of year	<u>\$ 93,814</u>	<u>\$ 91,691</u>

7. Shuttered Venue Operators Grant

During the year ending September 30, 2021, the Foundation received a grant in the amount of \$4,005,095 related to the Shuttered Venue Operators Grant program. This program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The grant provides emergency assistance to eligible venues affected by COVID-19. \$1,868,235 was expended under this grant during the fiscal year ending September 30, 2021.

8. State of Florida Matching of Private Contributions

The Foundation receives certain private contributions that were eligible to be matched, either all or in part, by the state of Florida College System. These matching funds are authorized by the Dr. Philip Benjamin Matching Grant Program for Community Colleges (Florida Statute 1011.85). For the year ended September 30, 2021, the Foundation submitted a certified appropriations request in the amount of \$1,248,043. The cumulative private contributions received during the period from February 2, 2007 to February 1, 2021 are as follows:

	Eligible Contributions Received	State Match Requested
Matching program for support scholarships (F.S. 1011.85(5))	\$ 9,990,252	\$ 9,472,594
Matching program for program support (F.S. 1011.85(6))	<u>6,439,503</u>	<u>3,976,542</u>
	<u><u>\$ 16,429,755</u></u>	<u><u>\$ 13,449,136</u></u>

The Foundation's next appropriations request will be submitted upon request by the State.

Effective July 1, 2011, Senate Bill 2150 amended Florida Statute 1011.85 to temporarily suspend state matching funds for eligible donations received on or after June 30, 2011. As a result, the State of Florida Legislature did not appropriate funds for matching contributions for either of the years ended September 30, 2021 and 2020. Existing eligible donations remain eligible for future matching funds.

In addition to the above matching contributions, the state of Florida also appropriates certain nonrecurring general funds for scholarships to "first generation-in-college" students under the First Generation Matching Grant Program (FGMG). As of December 1, 2020 (for the year ended September 30, 2020), the Foundation had received \$82,400 of private contributions that were eligible for the FGMG match and had received 100% matching funds from the State of Florida by September 30, 2020.

9. Board Appropriated Unrestricted Net Position

Board appropriated unrestricted net position are appropriated as follows:

	2021	2020
Quasi-endowments	\$ 19,445,244	\$ 13,121,337
Philip Benjamin Matching Grant Program	<u>16,429,755</u>	<u>14,806,578</u>
	<u><u>\$ 35,874,999</u></u>	<u><u>\$ 27,927,915</u></u>

10. Restricted Net Position

Expendable restricted net position is restricted for scholarships or other similar purposes and totaled \$5,068,856 and \$2,147,014 at September 30, 2021 and 2020, respectively.

Nonexpendable restricted net position (endowments) is donor-directed contributions restricted in perpetuity for scholarships, program instruction, and other similar purposes. Nonexpendable restricted net position totaled \$33,464,631 and \$26,312,399 at September 30, 2021 and 2020, respectively.

The Board of, Trustees of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonexpendable restricted net position: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns and protect the Foundation against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation limits spending on endowments to a maximum of 4% on endowed programs & scholarships spending and 1% for an administrative fee for a total of 5% annually of the most recent prior year- end endowment fund balances provided net earnings are available.

11. Related Party Transactions

The College incurs certain other expenses on behalf of the Foundation. Other in-kind expenses provided by the College were \$32,317 for the years ended September 30, 2021 and 2020.

In connection with an arrangement between the College and Foundation, the College also employs certain employees whose services are related to the Artist Series performing arts activities on behalf of the Foundation. Other costs and expenses related to the Artist Series may also be incurred by the College. Artist Series personnel costs totaled \$957,779 and \$971,211 for the years ended September 30, 2021 and 2020, respectively. None of these expenses were provided in-kind by the College. As of September 30, 2021 and 2020, amounts due to the College totaled \$1,054,307 and \$617,613, respectively.

At September 30, 2021, amounts due from the College totaled \$11,627,991 (\$8,228,966 as of September 30, 2020), primarily related to Artist Series ticket sales for shows and events that occurred during the reporting period and advance ticket sales collected by the College for shows to be performed after the statement of net position date. At the end of the College's fiscal June 30 reporting period, an accounting of the Artist Series revenue and expense activities is prepared by the College, and any residual funds, net of Artist Series event expenses paid by the College, are remitted to the Foundation.

12. Concentrations of Market, Credit and Currency Risks

The Foundation's investments are subject to various risk factors including market, credit, and currency risk. Investments are made in the United States and internationally and thus have concentrations in such regions. The fund's investments are also subject to the risk associated with investing in private equity securities. The investments

in private equity securities are generally illiquid, and there can be no assurance that the fund will be able to realize the value of such investments in a timely manner. The Foundation had approximately 16% and 14% of its total portfolio invested in private equity funds at September 30, 2021 and 2020, respectively.

The funds are invested, for purposes of capital appreciation, in various underlying funds that vary by size, industry and geographical concentration. Investment performance of an industry sector in which the funds have a concentration of investments may have a significant impact on the performance of the fund.

The Foundation's invested funds also participate in assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk related to certain factors not typically associated with investing in U.S. securities, including risks relating to currency exchange matters, differences between the U.S. and foreign securities markets, and certain other economic and political risks with respect to such securities.

13. Commitments and Contingencies

Investment subscription agencies

The Foundation is party to various subscription agreements with a private equity fund manager which provide for capital contributions as requested by the funds. At September 30, 2021, future funding commitments totaled \$3,931,960 (\$1,888,375 at September 30, 2020).

Grantor agencies

At times, the Foundation may receive grants from various government agencies. Activities related to these grants are subject to audit by the regulatory funding authority. As a result, the Foundation may be contingently liable for reimbursement of funds received which may exceed reimbursable expenditures. The Foundation's management believes that the liability, if any, for any reimbursable amounts would not be material to the financial statement.



Supplementary Information

Florida State College at Jacksonville Foundation, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Granting Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Small Business Administration:</u>			
Shuttered Venue Operators Grant	59.075	N/A	\$ 1,868,235
Total U.S. Small Business Administration			1,868,235
Total Expenditures of Federal Awards			\$ 1,868,235



**Florida State College at Jacksonville Foundation, Inc.
Notes to Schedule of Expenditures of Federal Awards
September 30, 2021**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Florida State College at Jacksonville Foundation, Inc. (a not-for-profit organization) (the “Foundation”) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain times of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Foundation has elected not to use the 10% de minimus cost rate allowed under *Uniform Guidance*.



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*

Board of Directors
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida State College at Jacksonville Foundation, Inc. (a nonprofit organization) (the "Foundation") as of and for the year ended September 30, 2021, and the related notes to the financial statements and have issued our report thereon dated February 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

Our consideration of internal control was limited for the purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions were 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 the 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.

Dixon Hughes Goodman LLP

Jacksonville, FL
February 9, 2022



Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

Report on Compliance for Each Major Federal Program

We have audited Florida State College at Jacksonville Foundation, Inc. (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended September 30, 2021. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.



Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Jacksonville, FL Supp
February 9, 2022



**Florida State College at Jacksonville Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021**

PART I – SUMMARY OF AUDITORS’ RESULTS

1. The Independent Auditors’ Report on whether the financial statements of Florida State College at Jacksonville Foundation, Inc. (the “Foundation”) were prepared in accordance to GAAP, dated February 9, 2022 expressed an unmodified opinion.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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* (report dated February 9, 2022) were noted.
3. No instances of noncompliance material to the financial statements of the Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were noted.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors’ Report on Compliance for the Major Program and Internal Control Over Compliance Required by the *Uniform Guidance* (report dated February 9, 2022).
5. The Independent Auditors’ Report on Compliance for Each Major Federal Program and On Internal Control Over Compliance Required by the *Uniform Guidance*, dated February 9, 2022, expressed an unmodified opinion.
6. There were no audit findings relative to the major federal awards programs that are required to be reported in accordance with CFR 200.516(a).
7. The Foundation’s major program was the Shuttered Venue Operators Grant (CFDA 59.075).
8. A threshold of \$750,000 was used to distinguish between Type A and Type B Programs.
9. The Association does not qualify as a low-risk auditee as that term is defined in the *Uniform Guidance*.

PART II – FINDINGS – FINANCIAL STATEMENT AUDIT

None reported.

PART III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS

None reported.