

**THE FOUNDATION FOR FLORIDA
GATEWAY COLLEGE, INC.**

**A COMPONENT UNIT OF FLORIDA
GATEWAY COLLEGE**

FINANCIAL STATEMENTS

MARCH 31, 2021

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Foundation for Florida Gateway College, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Foundation for Florida Gateway College, Inc. (the Foundation), a component unit of Florida Gateway College (the College), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

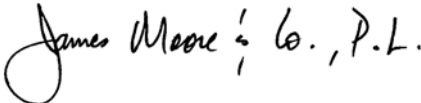
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The supplemental information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
July 2, 2021

**THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2021**

The mission of The Foundation for Florida Gateway College, Inc. is to promote, support and improve education by aiding and assisting Florida Gateway College (the College) in the maintenance and perpetuation of the college programs in existence or to be created in the future. Established in 1969, the Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. A Board of Directors comprised of up to 15 voting members governs and conducts the business of the Foundation, meeting at least four times in each fiscal year. The officers of the Foundation are Chairman and Vice-Chairman/Secretary. Committees include: the Finance/Audit Committee, Planned Gifts Committee, and Gift Acceptance and Property Committee and other appointed committees as the Chairman determines may be desirable for carrying out the purposes of the Foundation.

Reporting Entity

The Foundation is a nonprofit corporation whose mission is to facilitate the solicitation and management of gifts for the benefit of the College. In this capacity, the Foundation is considered to be a component unit of the College. Accordingly, the Foundation is included in the College's financial statements as a discrete component unit. Transactions with the College relate primarily to the disbursement of gift funds.

Overview of the Financial Statements

The Management's Discussion and Analysis is designed to provide an easily readable analysis of The Foundation for Florida Gateway College, Inc.'s financial position, results of operations, and cash flows based on facts, decisions, and conditions known at the date of the auditor's report. A comparative analysis of financial data is presented. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes to the financial statements.

Unless otherwise indicated, years (2021, 2020) in this discussion refer to the fiscal years ended March 31.

This discussion and analysis serves as an introduction to the Foundation's basic financial statements, which have been prepared in accordance with GASB Statement 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. These financial statements focus on the overall financial condition of the Foundation, its results of operations and its cash flows as a whole. The financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the Notes to the Financial Statements.

The *Statement of Net Position* outlines the Foundation's financial position at fiscal year-end and includes all assets and liabilities. The Foundation operates on a fiscal year that begins April 1, and ends March 31. The difference between total assets and total liabilities - Net Position - is an indicator of the Foundation's present financial condition. Over time, increases or decreases in the Foundation's net position show whether its financial health is improving or deteriorating. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the Foundation's operating results for the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless of when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of assets over their estimated useful lives. Revenues and expenses are reported as either operating unrestricted or operating

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2021
(Continued)

restricted. Changes in total net position, as presented on the *Statement of Net Position*, are based on the activity presented in the *Statement of Revenues, Expenses and Changes in Net Position*. The purpose of this statement is to present the revenues received by the Foundation and the expenses paid by the Foundation. The main purpose of the Foundation is to support the College by accepting and managing gifts. Gift and investment income comprise the majority of the revenue received in a given year.

The *Statement of Cash Flows* presents information about cash receipts and cash payments during the year. This statement also assists users in assessing the Foundation's ability to generate net cash flows, its ability to meet its obligations as they come due, and its potential need for external financing.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Finally, the *Statement of Net Position* provides a snapshot of the net position (assets minus liabilities) and its availability for expenditure by the Foundation.

Condensed Statements of Net Position
As of March 31, 2021 and 2020

	March 2021	March 2020	Change 2020 to 2021
Assets			
Current Assets	\$ 17,393,571	\$ 13,306,842	\$ 4,086,729
Non-current assets			
Capital assets	825,738	198,386	627,352
Other non-current	4,979,366	4,713,882	265,484
Total assets	23,198,675	18,219,110	4,979,565
Liabilities			
Accounts payable	2,070	1,786	284
Due to/from FGC	119,161	53,558	65,603
Total liabilities	121,231	55,344	65,887
Net position			
Restricted net position non-expendable	4,979,365	4,713,881	265,484
Invested in capital assets	825,738	198,386	627,352
Restricted net position expendable	15,975,878	12,208,028	3,767,850
Unrestricted net position	1,296,463	1,043,471	252,992
Total net position	\$ 23,077,444	\$ 18,163,766	\$ 4,913,678

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2021
(Continued)

At March 31, 2021, the Foundation's net assets were approximately \$23.1 million. The Foundation's current assets of \$17,393,571 were sufficient to cover current liabilities of \$121,231. Receivables consist primarily of interest, contributions and scholarships. The Foundation's investment in capital assets is \$825,738 net of accumulated depreciation.

The Foundation's current liabilities consist primarily of various payables for program enhancement and scholarships. The Foundation does not have long-term debt.

The unrestricted portion of net position represents 6% of total net position. This asset may be used at the discretion of the governing board for any purposes of the Foundation. The remaining net position is restricted and may be used only for those purposes designated.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the Foundation's operating revenues and expenses, and reconciles the changes in net position (discussed above).

Condensed Statements of Revenues, Expenses and Changes in Net Position
As of March 31, 2021 and 2020

	<u>March 2021</u>	<u>March 2020</u>	<u>Change 2020 to 2021</u>
Operating revenues	\$ 866,607	\$ 1,779,931	\$ (913,224)
Operating expenses	1,180,919	1,695,634	(514,715)
Operating income (loss)	<u>(314,312)</u>	<u>84,297</u>	<u>(398,609)</u>
Non-operating revenues (expenses)	<u>5,000,506</u>	<u>(487,528)</u>	<u>5,488,034</u>
Income before other expense	4,686,194	(403,231)	5,089,425
Other revenues	<u>227,484</u>	<u>195,551</u>	<u>31,933</u>
Increase in net position	4,913,678	(207,680)	5,121,358
Net position, beginning of year	<u>18,163,766</u>	<u>18,371,446</u>	<u>(207,680)</u>
Net position, end of year	<u>\$ 23,077,444</u>	<u>\$ 18,163,766</u>	<u>\$ 4,913,678</u>

Total revenues for the Foundation were \$6,094,597. The largest sources of revenue for the Foundation are donor gifts and income from investments. The Foundation received \$858,325 in cash gifts this fiscal year, which represents a 12% increase from the prior year.

Non-operating revenues reflect an unrealized gain of \$4,875,317 due to changes in the market value of investments. The change in market value of investments represents the change in fair market value of investments from April 1, 2020 to March 31, 2021. The Foundation financials reflect non-operating investment income of \$180,678. The Foundation also received \$227,484 in endowment gifts.

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2021
(Continued)

The Foundation received college donated support of \$221,071, consisting primarily of salaries and benefits paid by the college. The State of Florida Philip Benjamin State Matching Grants program was not funded by the legislature during the fiscal year. The Foundation now has a significant amount of unmatched gifts under this program, although there is no guarantee that these gifts will be matched in future years. Unmatched gifts under this program have not been reflected in the financial statements of the Foundation, and will not be recognized until actually received.

Operating expenses totaled \$1,180,919 including salaries and benefits, scholarships, college program enhancement support, professional fees, and depreciation. Scholarship expenses represent a majority of total expenses at \$624,150 or 53% of total expenses. College program enhancement support, that includes non-scholarship support, totaled \$275,920. Overall support to the College totaled \$900,070. Supporting services, including general administration, consumed donated support, and depreciation represent \$203,474, 17% of total expenses.

The most significant non-operating expense was investment management fees of \$54,468, which represent .23% of total assets under management at fiscal year-end.

Condensed Statements of Cash Flows
As of March 31, 2021 and 2020

	<u>March 2021</u>	<u>March 2020</u>	<u>Change 2020 to 2021</u>
Cash provided by (used in)			
Operating activities	\$ (224,213)	\$ (396,422)	\$ 172,209
Capital & related financing activities	227,484	195,551	31,933
Investing activities	138,646	257,479	(118,833)
Net increase in cash	141,917	56,608	85,309
Cash, beginning of year	143,062	86,454	56,608
Cash, end of year	<u>\$ 284,979</u>	<u>\$ 143,062</u>	<u>\$ 141,917</u>

The major sources of funds in operating activities include donor gifts and matching funds. Major uses were for payments made for scholarships, as well as program expenses.

The primary cash flow from investing activities was the purchase of investments, proceeds from the sale of investments, and investment income.

Subsequent Events

No significant events have occurred subsequent to March 31, 2021 that have a material impact requiring adjustments to or disclosures in the Foundation's financial statements for the year ended March 31, 2021.

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2021
(Continued)

Economic Factors That May Affect the Future

The economic position of the Foundation is affected by several factors, including state support received from matching programs, charitable contributions, return on investments, and various other revenue sources.

Annual contributions and endowments have a direct impact on the Foundation. With state appropriations to the College stagnant or declining, this may increase the level of support the College asks the Foundation to provide to support College programs. If the economy takes a downturn it could affect the ability to get future contributions and endowment gifts from donors as well as funding from the state. This could affect the funding that the Foundation provides to support College programs. The Foundation is impacted by fixed income and equity returns. These factors affect the market value of the Foundation's investments and the calculated spending amount on endowment funds. The Foundation's operating revenues are sensitive, in part, to current and future economic volatility of the financial markets.

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while the financial and other impacts to the Foundation cannot be quantified currently, it is reasonably possible that there could be a material impact on Foundation's financial position and results of future operations.

Requests for Information

Questions concerning information provided in the MD&A, financial statements and notes thereto, or other required supplementary information or requests for additional financial information should be addressed to Executive Director for the Foundation, The Foundation for Florida Gateway College, Inc., 149 Southeast College Place, Lake City, Florida 32025-2007.s

**THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
STATEMENT OF NET POSITION
MARCH 31, 2021**

ASSETS

Current assets

Cash and cash equivalents	\$ 284,979
Investments	17,067,574
Accounts receivable	41,018
Total current assets	17,393,571

Noncurrent assets

Capital assets not being depreciated	225,214
Capital assets being depreciated, net	600,524
Timber rights	1
Endowment investments	4,979,365
Total noncurrent assets	5,805,104

Total assets

23,198,675

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	2,070
Due to Florida Gateway College	119,161
Total current liabilities	121,231

Total liabilities

121,231

NET POSITION

Net position

Net investment in capital assets	825,738
Restricted	
Nonexpendable endowment	4,979,365
Expendable	15,975,878
Unrestricted	1,296,463

Total net position

\$ 23,077,444

The accompanying notes to the financial statements
are an integral part of this statement.

**THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2021**

Operating revenues	
Contributions:	
Cash and investments	\$ 628,785
Donated property and services	14,332
Rental income and fees	2,419
Donated support	221,071
Total operating revenues	<u>866,607</u>
Operating expenses	
Program services:	
Consumed donated support	77,375
Financial aid-scholarships	624,150
Program Support	275,920
Total program services	<u>977,445</u>
Supporting services:	
General administration	51,106
Consumed donated support	143,696
Depreciation	8,672
Total supporting services	<u>203,474</u>
Total operating expenses	<u>1,180,919</u>
Operating loss	<u>(314,312)</u>
Nonoperating revenues (expenses)	
Investment income	180,678
Change in market value of investments	4,875,317
Investment management fees	(54,468)
Loss on disposal of capital assets	(1,021)
Total nonoperating revenues (expenses)	<u>5,000,506</u>
Change in net position before capital additions gifts	<u>4,686,194</u>
Capital additions gifts	227,484
Change in net position	<u>4,913,678</u>
Net position, beginning of year	18,163,766
Net position, end of year	<u><u>\$ 23,077,444</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

**THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

Cash flows from operating activities	
Cash received from donors	\$ 658,657
Cash received from rental tenants	2,419
Cash paid to Florida Gateway College, vendors and suppliers	(885,289)
Net cash used in operating activities	<u>(224,213)</u>
Cash flows from capital and related financing activities	
Capital additions gifts	<u>227,484</u>
Cash flows from investing activities	
Cash received for interest and dividends	83,717
Purchases of capital assets	(152,045)
Loss on disposal of capital assets	1,021
Purchases of investments	(1,560,294)
Proceeds from sale of investments	1,820,715
Investment management fees paid	(54,468)
Net cash provided by investing activities	<u>138,646</u>
Net increase in cash and cash equivalents	<u>141,917</u>
Cash and cash equivalents, beginning of year	143,062
Cash and cash equivalents, end of year	<u><u>\$ 284,979</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (314,312)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	8,672
Decrease (increase) in certain assets:	
Accounts receivable	15,540
Increase (decrease) in certain liabilities:	
Accounts payable and accrued expenses	284
Due to Florida Gateway College	65,603
Net cash used in operating activities	<u><u>\$ (224,213)</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(1) **Summary of Significant Accounting Policies:**

(a) **Nature of organization**—The Foundation for Florida Gateway College, Inc. (the Foundation) is a direct support organization as provided for in Section 1004.70, Florida Statutes, and is considered a discrete component unit of Florida Gateway College (the College). The Foundation receives significant financial support from the College in the form of personnel and office space. The Foundation's principal function is to receive, hold, invest, and administer charitable contributions for the College. The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code (the IRC) and is exempt from federal and state income taxes pursuant to Section 509 (a) of the IRC.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

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

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

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

Endowment account— records nonexpendable donations received by the Foundation subject to donor-imposed restrictions requiring that the principal be invested in perpetuity and that only income can be used for scholarships and designated program enhancement activities.

General plant account—consists of the net investment in land, buildings and equipment.

(d) **Cash and cash equivalents**—The Foundation considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts and stock brokerage firms which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts due to exceeding the federally insured limits.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Operating activities**—Operating activities and expenses represent ongoing activities of the Foundation, as well as ongoing activities which are in support of the College’s programs. Operating activities related to the Foundation’s purpose, which is to receive, hold, and invest charitable contributions for the benefit of the College. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(f) **Revenue recognition**—Contributions are recognized as increases in net position when received or when pledged unconditionally, with the exception of pledged endowments which are recognized when received in accordance with generally accepted accounting principles.

(g) **Net position**—The Foundation classifies its net position into the following four categories:

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

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

Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable restricted net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

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

(h) **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.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

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

(j) **Capital assets**—Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets, which range from five years for most equipment to forty years for buildings..

(k) **Net position flow assumption**—Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Foundation’s policy to consider restricted net position to have been used before unrestricted net position is applied.

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

(m) **Pronouncements issued**—GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 seeks to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The provisions in GASB 87 are effective for fiscal years beginning after June 15, 2021, as amended by GASB 95. Management is currently evaluating the effect that Statement No. 87 will have on the Foundation’s financial statements.

(n) **Subsequent events**—The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 2, 2021, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed. See Note 12 for uncertainties surrounding the COVID-19 pandemic during and after the fiscal year.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(2) **Investments:**

The Foundation’s investment policy describes the types of investments that it is authorized to purchase. The goal of the Foundation’s investment policy is to guide the investment of Foundation funds, establish an investment framework and evaluation process to determine if the Foundation is able to meet its program goals. In accordance with the Foundation’s investment policy, investments are limited to premium investment grade mutual funds, equity securities and debt securities from companies and funds located throughout the United States. It is the Foundation’s policy that debt securities are normally maintained up to 30% of the total investment portfolio. The finance and audit committee has the authority to invest up to 70% of the portfolio in equities and up to 20% in alternative investments.

<u>Investment Type</u>	<u>Fair Value</u>
Treasury investment pool	\$ 1,849,809
Multi-strategy bond fund	4,923,899
Multi-strategy equity fund	12,747,965
Non marketable private equity	2,525,266
Total	<u>\$ 22,046,939</u>
Unrestricted	\$ 1,012,136
Restricted	16,055,438
Endowment investment	4,979,365
Total	<u>\$ 22,046,939</u>

Interest rate risk—Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The duration method and the weighted average method are used to determine the interest rate risk for the Commonfund Multi-Strategy bond fund. At March 31, 2021, the total effective duration period for the Commonfund Multi-Strategy bond fund was 6.4 years and the yield to maturity was 2.7 percent. The duration method is used for the Treasury investment Pool. The effective duration period of the Treasury Investment Pool at March 31, 2021 is 2.66 years.

Custodial credit risk—Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The average quality rating of the fixed-income investments of the Commonfund Multi-Strategy bond fund and Treasury Investment Pool at March 31, 2021 was A+ and AA-f, respectively using the S&P rating scale.

Foreign currency risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. All securities in the account are denominated in U.S. dollars. Investments are managed by investment brokerage houses. Due to the implementation of GASB Statement No. 31 investments in equity securities with a readily determinable fair market quotation are stated at fair value. All other investments purchased by the Foundation are stated at cost or fair value or appraised value at date of receipt for those investments received as donations.

(3) **Fair Value Measurements:**

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

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(3) Fair Value Measurements: (Continued)

The Foundation has the following recurring fair value measurements as of March 31, 2021:

- (a) *Private equity investments* – Valued at the net asset value (NAV) of the units held, as reported by the fund advisor using the most recent valuation available which may differ from year-end. NAV is used as a practical expedient, and the estimated value is subject to uncertainty and therefore may differ from the value that would have been used had been a readily available market for such investments existed, and differences could be material.
- (b) *SPIA* – Valued based on the ownership of a share of a pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participants' total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The fair value factor is 1.03 as of March 31, 2021.

The following table summarizes the assets and liabilities of the Foundation for which fair values are determined on a recurring basis as of March 31, 2021:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Special Purpose Investment Account (SPIA)	\$ -	\$ -	\$ 1,849,809	\$ 1,849,809
Private equity investments measured at NAV*	-	-	-	20,197,130
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,849,809</u>	<u>\$ 22,046,939</u>

* In accordance with GASB No. 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net position.

The Foundation has a total commitment of \$4,000,000 to an investment in four private equity funds. As of March 31, 2021, \$1,858,000 was unfunded. The commitment will be funded by reallocated current endowment related investments or funded with new capital gifts. The redemption frequency for these funds are monthly with a notice period of five business days.

(4) Related Party Transactions:

Personnel and certain facility costs are provided to the Foundation by Florida Gateway College. For the year ended March 31, 2021, the Foundation has recorded these donated services at \$212,119 for personnel services and \$8,952 for facility costs and office expenses. The total dollar value of the support is \$221,071 and has been reflected in the statement of revenue, expense and changes in net position as both revenue and expense.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(4) **Related Party Transactions:** (Continued)

During 2021, the Foundation provided the College and its students with program and scholarship support of \$275,920 and \$624,150, respectively. Of this amount, the Foundation had an outstanding payable balance to the College of \$119,161 at March 31, 2021.

(5) **Capital Assets:**

Capital asset activity for the fiscal year ended March 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated – Land	\$ 100,214	\$ 125,000	\$ -	\$ 225,214
Capital assets, being depreciated – Buildings and improvements	191,938	512,045	(2,100)	701,883
Less: Accumulated depreciation	(93,766)	(8,672)	1,079	(101,359)
Total capital assets, being depreciated, net	98,172	503,373	(1,021)	600,524
Total capital assets, net	<u>\$ 198,386</u>	<u>\$ 628,373</u>	<u>\$ (1,021)</u>	<u>\$ 825,738</u>

Total depreciation expense for the year ended March 31, 2021 was \$8,672.

(6) **Risk Management:**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Foundation is insured through the College, which provides coverage for these risks primarily through the Florida College System Risk Management Consortium. Additional general liability, property, and directors and officers insurance are being provided through purchased commercial insurance.

(7) **Scholarship Expense:**

The Foundation disbursed scholarships in the amount of \$624,150 for the year ended March 31, 2021.

(8) **Endowments:**

The Foundation's endowments consist of 149 donor restricted funds and 13 board designated quasi-endowed restricted funds.

The Foundation Board of Directors has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. Absent explicit donor stipulations to the contrary, all endowment funds at the Foundation adhere to the investment and spending policy adopted by the Foundation's Board of Directors that attempts to protect the principal of the fund, provide consistent long-term income returns, and protect the Foundation against long-term inflation trends.

FOUNDATION FOR FLORIDA GATEWAY COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

(9) **Timber Rights:**

In November 2014, the Foundation purchased 5.5 acres of land in Columbia County. In January 2015, the Foundation donated this land to the College but retained the related timber rights. The timber on this property has not been appraised, cut, or sold by the Foundation and has a \$1 value the Statement of Net Position. The value of these rights will remain at \$1 until a determination has been made to sell the timber at which point the market value of the timber on the property will be assessed.

(10) **Leases:**

The Foundation entered into an agreement with the College on September 15, 2020 allowing the College to lease a property including land, building, and other improvements from the Foundation. The term of the lease is five years with rent of \$1 payable annually.

(11) **Matching Funds Programs:**

The College and Foundation participated in the State of Florida First Generation Matching Grant Program. The Florida Legislature authorized state matching funds, allocated to each college based on a state formula, for first generation college student scholarships. The program requires a 100% Foundation match of private funds. The College expended in First Generation funds during its fiscal year, \$9,057 in matching funds and \$9,057 in Foundation funds during the year ended March 31, 2021.

(12) **Risks and Uncertainties – COVID-19:**

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Foundation as of July 2, 2021, management believes that a material impact on Foundation's financial position and results of future operations is reasonably possible.

SUPPLEMENTAL SCHEDULES

**THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
SCHEDULE OF NET POSITION
MARCH 31, 2021**

	Business Type Activities				Total
	Operating		Endowment	General	
	Unrestricted	Restricted			
Account	Account	Account	Plant	Account	
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 284,979	\$ -	\$ -	\$ -	\$ 284,979
Investments	1,012,136	16,055,438	-	-	17,067,574
Accounts receivable	1,417	39,601	-	-	41,018
Total current assets	<u>1,298,532</u>	<u>16,095,039</u>	<u>-</u>	<u>-</u>	<u>17,393,571</u>
Noncurrent assets					
Capital assets not being depreciated	-	-	-	225,214	225,214
Capital assets being depreciated, net	-	-	-	600,524	600,524
Timber rights	1	-	-	-	1
Endowment investments	-	-	4,979,365	-	4,979,365
Total noncurrent assets	<u>1</u>	<u>-</u>	<u>4,979,365</u>	<u>825,738</u>	<u>5,805,104</u>
Total assets	<u>1,298,533</u>	<u>16,095,039</u>	<u>4,979,365</u>	<u>825,738</u>	<u>23,198,675</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable and accrued expenses	2,070	-	-	-	2,070
Due to Florida Gateway College	-	119,161	-	-	119,161
Total current liabilities	<u>2,070</u>	<u>119,161</u>	<u>-</u>	<u>-</u>	<u>121,231</u>
Total liabilities	<u>2,070</u>	<u>119,161</u>	<u>-</u>	<u>-</u>	<u>121,231</u>
<u>NET POSITION</u>					
Net position					
Net investment in capital assets	-	-	-	825,738	825,738
Restricted					
Nonexpendable endowment	-	-	4,979,365	-	4,979,365
Expendable	-	15,975,878	-	-	15,975,878
Unrestricted	1,296,463	-	-	-	1,296,463
Total net position	<u>\$ 1,296,463</u>	<u>\$ 15,975,878</u>	<u>\$ 4,979,365</u>	<u>\$ 825,738</u>	<u>\$ 23,077,444</u>

See accompanying notes to financial statements.

THE FOUNDATION FOR FLORIDA GATEWAY COLLEGE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2021

	Business Type Activities				Total
	Operating		Endowment Account	General Plant Account	
	Unrestricted Account	Restricted Account			
Operating revenues					
Contributions:					
Cash and investments	\$ 54,057	\$ 574,728	\$ -	\$ -	\$ 628,785
Donated property and services	-	14,332	-	-	14,332
Rental income and fees	360	2,059	-	-	2,419
Donated support	221,071	-	-	-	221,071
Total operating revenues	<u>275,488</u>	<u>591,119</u>	<u>-</u>	<u>-</u>	<u>866,607</u>
Operating expenses					
Program services:					
Consumed donated support	77,375	-	-	-	77,375
Financial aid-scholarships	-	624,150	-	-	624,150
Program support	1,178	274,742	-	-	275,920
Total program services	<u>78,553</u>	<u>898,892</u>	<u>-</u>	<u>-</u>	<u>977,445</u>
Supporting services:					
General administration	51,106	-	-	-	51,106
Consumed donated support	143,696	-	-	-	143,696
Depreciation	-	-	-	8,672	8,672
Total supporting services	<u>194,802</u>	<u>-</u>	<u>-</u>	<u>8,672</u>	<u>203,474</u>
Total operating expenses	<u>273,355</u>	<u>898,892</u>	<u>-</u>	<u>8,672</u>	<u>1,180,919</u>
Operating income (loss)	<u>2,133</u>	<u>(307,773)</u>	<u>-</u>	<u>(8,672)</u>	<u>(314,312)</u>
Nonoperating revenue (expenses)					
Investment income	37,566	143,112	-	-	180,678
Change in market value of investments	170,417	4,704,900	-	-	4,875,317
Investment management fees	(5,124)	(49,344)	-	-	(54,468)
Loss on disposal of capital assets	-	-	-	(1,021)	(1,021)
Total nonoperating revenue (expenses)	<u>202,859</u>	<u>4,798,668</u>	<u>-</u>	<u>(1,021)</u>	<u>5,000,506</u>
Change in net position before capital additions and transfers	<u>204,992</u>	<u>4,490,895</u>	<u>-</u>	<u>(9,693)</u>	<u>4,686,194</u>
Capital additions and transfers					
Capital additions gifts	-	(152,045)	227,484	152,045	227,484
Transfers	48,000	(571,000)	38,000	485,000	-
Total capital additions and transfers	<u>48,000</u>	<u>(723,045)</u>	<u>265,484</u>	<u>637,045</u>	<u>227,484</u>
Change in net position	<u>252,992</u>	<u>3,767,850</u>	<u>265,484</u>	<u>627,352</u>	<u>4,913,678</u>
Net position, beginning of year	1,043,471	12,208,028	4,713,881	198,386	18,163,766
Net position, end of year	<u>\$ 1,296,463</u>	<u>\$ 15,975,878</u>	<u>\$ 4,979,365</u>	<u>\$ 825,738</u>	<u>\$ 23,077,444</u>

See accompanying notes to financial statements.

**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,
Foundation for Florida Gateway College, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for Florida Gateway College, Inc. (the Foundation), a component unit of Florida Gateway College, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated July 2, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

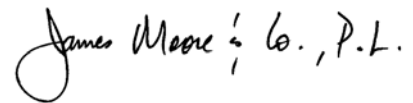
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
July 2, 2021