

Foundation

for SEMINOLE STATE COLLEGE

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)
Financial Section, Supplementary Information and Supplementary
Financial Report – Compliance Section
June 30, 2021 and 2020
With Independent Auditor’s Reports**

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
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June 30, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Foundation for Seminole State College of Florida, Inc. and Subsidiary:

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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 opinion on the consolidated financial statements that collectively comprise the Foundation's basic consolidated financial statements. The supplementary information on pages 35 and 36 is presented for purposes of additional analysis and is also not a required part of the basic consolidated financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

August 26, 2021

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Management's Discussion and Analysis (unaudited)
June 30, 2021, 2020 and 2019**

Mission Statement

The Foundation for Seminole State College of Florida, Inc.'s (the "Foundation") mission is to enhance Seminole State College of Florida's programs and services through the development and management of private contributions and community partnerships. The Foundation provides resources that support academic excellence, increased access, and vital community outreach, which assist in the advancement of the institution, students, faculty, and staff.

The following discussion and analysis of the consolidated financial statements for the Foundation for Seminole State College of Florida, Inc. and Subsidiary (the "Foundation") presents an overview of the Foundation's financial activities for the fiscal years ended June 30, 2021, 2020, and 2019.

Established in 1968, the Foundation is a direct support organization and discrete component unit of Seminole State College of Florida (a governmental agency), hereafter referred to as the "College."

Management has prepared the consolidated financial statements and related footnote disclosures, along with the discussion and analysis, and assumes full responsibility for this information. The Foundation presents its consolidated financial statements under the governmental reporting model promulgated by the Governmental Accounting Standards Board ("GASB"). The Foundation's financial information is included within the College's reporting entity as a discretely presented component unit. Any requests for additional information should be directed to the Executive Director or the Director of Finance at the Foundation for Seminole State College, 1055 AAA Drive, Suite 209, Heathrow, Florida 32746.

The management's discussion and analysis focuses on current activities, resulting changes, and currently known information, which provide the reader of this report with an overall summary of the accompanying consolidated financial statements. It should be read in combination with the basic consolidated financial statements and accompanying notes that follow this section. The basic consolidated financial statements include the consolidated statements of net position; consolidated statements of revenues, expenses and changes in net position; and consolidated statements of cash flows.

The Foundation took an optimistic but cautious approach in FY21. It reduced its budgeted revenue based on known impacts due to COVID. For its investments a 3.5% return (including dividends and interest) was budgeted. The actual return for all investments, including dividends and interest was 25.14%. Fundraising revenue was within 2% of budget led by Dream Gala and Dream Cup. Both events were received enthusiastically and reached maximum participation, based on COVID restrictions. Combined overall revenue was up \$27,000 for these events. The Foundation received a multiple year pledge, \$500K from Advent Health for the nursing program and a \$125K grant from the Emil Buehler Perpetual Trust for the College's Planetarium. There were nine new endowed scholarships established in 2021 totaling \$111K. The staff's dedication, hard work, and support from loyal donors led to these successes. The Foundation is remaining vigilant and following the College's policies for reopening campuses and social distancing measures.

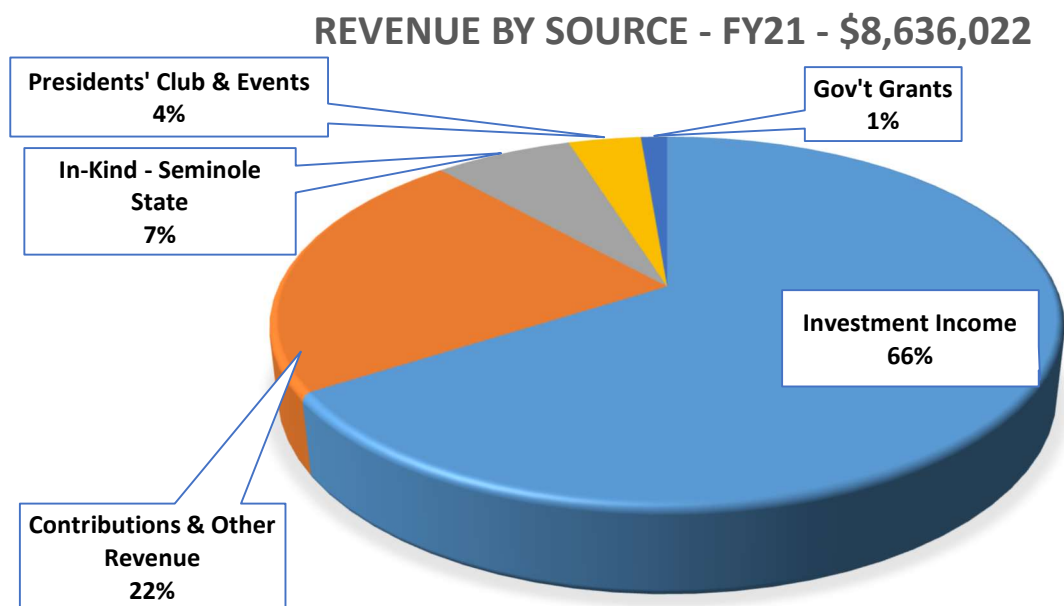
There was a decline in enrollment for 2021. The College is working diligently to connect with students letting them know the opportunities that exist from both the College and Foundation. Because of this decline there were mid-year budget adjustments, so we have not filled an open position and are paying for the Scholarship Coordinator position from Foundation funds. Starting in 2022, the College's grants department will be managed by the VP of Resource and Economic Development with the goal of the department moving, by the end of FY22 into the same building as the Foundation. This will allow for a better collaboration on the College's needs when applying for grants. It will also assist the Foundation with the core mission of donor retention and stewardship. The President of the College and executive team are instrumental in assisting the Foundation with its goals and working on building relationships from the community. The President has established a new group of business leaders to make sure both the College and Foundation are meeting the community's needs.

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Despite the challenges and disruption caused by COVID-19, the Foundation had a solid year. This is highlighted by the support received by the Foundation from the community and our assistance to the College through scholarships and COVID assistance directly to students via the Seminole County CARES Act grant. We can share, with great pride, the following successes, in fiscal year 2021:

1. Endowment level is at all time high of \$24.2 million, a (+237%) increase over the past 10 years.
2. The establishment of 9 new Endowed Accounts during the fiscal year bringing the total number of Permanent and Quasi Endowed Accounts to 212 established within the Foundation.
3. Support to the College: \$2.6 million.
4. Total scholarship support to the college \$1,082,914 which was lower than FY20 due to COVID’s impact on some programs. Endowed scholarship support increased 15% in FY21.
5. Provided additional support to a number of students impacted by COVID via \$108K CARES Act grant.
6. Our net assets increased \$4.75M, to the highest level in Foundation history, \$36.9M.

Financial Highlights



In fiscal year 2021, the Foundation raised \$8,636,022 in operating and non-operating revenue combined. This was an increase of \$4,677,748 from fiscal year 2020. The bulk of this increase is due to unrealized gains from the investment accounts. Another factor to consider is fiscal year 2020 revenue included the recognition of a 3-year pledge in the amount of \$525,000. If accounting for these factors, the difference in unrealized gains from FY21 and the 3-year pledge from FY20 then revenue increased just under 6%.

The recovery of the investment accounts impacted by COVID-19 continued in FY21 to the point the balances, at the end of FY21, exceeded pre-COVID balances. The fiscal year “Realized” investment income was up 84.8% or \$602,931 because of Capital Gains realized by equity rotation from Bank of America. Interest and Dividends were down \$64K which was anticipated due to the impact of COVID. The “Unrealized” investment income was up \$4.35M compared to FY20. This increase was primarily driven by returns in the equity markets. Since January 2017, the Foundation has had two investment managers. The primary manager produced an investment return of 22.06%, 2.73%, and 6.0%, for fiscal years 2021, 2020 and 2019, respectively. The 2nd manager produced an investment return of 31.64%, 1.85%, and 4.3% during the same period.

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Consolidated Statements of Net Position

The consolidated statements of net position present all the Foundation's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the net assets may serve as one useful indicator of whether the financial position of the Foundation is improving or deteriorating. Many other nonfinancial factors receive consideration when assessing the overall health of the Foundation.

Net assets are listed as one of four classifications:

1. Invested in Capital Assets and Deferred Outflows, Net of Related Debt – This is comprised of capital assets, net of accumulated depreciation, where applicable, and deferred outflows related to future capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the Foundation.
2. Restricted Expendable – This represents amounts restricted by donors by use or time, which are available for spending in accordance with specific parameters as outlined by the donor.
3. Restricted Nonexpendable Endowments – This represents funds held by the Foundation in perpetuity as required by the donor. These are restricted permanent funds.
4. Unrestricted – Amounts available to the Foundation for any purpose that supports its mission.

The change in net position equals the excess of funds (contributions, investment income, and other revenue) over expenses. All revenues and expenses are taken into account regardless of when cash is received or paid. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. This relationship between revenues and expenses is similar to what is considered the "operating profit" or "loss" in a private-sector institution.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
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The following schedule is a summary of the Foundation's consolidated statements of net position as of June 30, 2021, 2020, and 2019, and the variances from year to year:

	June 30, 2021	June 30, 2020	Increase (Decrease) FY21 vs. FY20	June 30, 2019	Increase (Decrease) FY20 vs. FY19
Current assets	\$ 3,984,676	\$ 3,210,924	\$ 773,752	\$ 2,725,565	\$ 485,359
Noncurrent assets	<u>33,249,086</u>	<u>29,356,946</u>	<u>3,892,140</u>	<u>29,547,164</u>	<u>(190,218)</u>
Total assets	<u>37,233,762</u>	<u>32,567,870</u>	<u>4,665,892</u>	<u>32,272,729</u>	<u>295,141</u>
Deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	331,294	416,809	(85,515)	234,079	182,730
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>331,294</u>	<u>416,809</u>	<u>(85,515)</u>	<u>234,079</u>	<u>182,730</u>
Net position					
Invested in capital assets and deferred outflows, net of related debt	4,572,171	5,105,053	(532,882)	5,208,857	(103,804)
Restricted – expendable	16,552,000	12,303,539	4,248,461	12,595,322	(291,783)
Restricted – nonexpendable endowments	12,526,522	12,270,918	255,604	12,048,868	222,050
Unrestricted	<u>3,251,775</u>	<u>2,471,551</u>	<u>780,224</u>	<u>2,185,603</u>	<u>285,948</u>
Total net position	<u>\$ 36,902,468</u>	<u>\$ 32,151,061</u>	<u>\$ 4,751,407</u>	<u>\$ 32,038,650</u>	<u>\$ 112,411</u>

The Foundation's net position increased, \$4,751,407 in 2021 compared to 2020. This is attributed to sound fundraising, scholarship, and investment policies adopted by the Board and executed by staff. The Foundation continued its stewardship focus and commitment to provide support to the College. For 2021, \$2.6 million (which consists of approximately \$2.3 million of scholarships and program support and \$300k of other operating expenses) in support was provided to the College. The net position of the Foundation increased slightly in 2020 compared to 2019 primarily due to recognition of a multi-year pledge. The Foundation increased its scholarship support \$50K to the College in 2020. As of June 30, 2021, the total net position was \$32,902,468.

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Unrestricted net assets increased by \$607,033 in fiscal year 2021 over 2020 and increased \$285,948 in fiscal year 2020 over fiscal year 2019. For all years, a combination of unrestricted gifts, event proceeds, investment income from non-endowed funds, and internal Foundation fees all contribute to unrestricted net assets. Unrestricted gifts afford the Foundation flexibility to provide assistance as new student needs arise. In 2021, the Foundation was able to provide COVID relief assistance via a CARES Act grant via Seminole County Government.

In May 2008, the Foundation purchased 3.28 acres at the northern gateway to the College near Lake Mary Boulevard for \$828,741. Site development increased the value of the land to \$872,171. On August 11, 2014, for \$600,000, the Foundation acquired 1.5673 acres of undeveloped land in Lake Mary, Florida, adjacent to the 3.28-acre parcel already owned by the Foundation. There is no outstanding debt on either of these properties, with final debt payments made in June 2014 and August 2018, respectively.

The Foundation significantly increased its net assets invested in capital assets in fiscal year 2016, specifically due to a property gift of \$4.1 million.

In fiscal year 2017, the Foundation began receiving accrued rental income at approximately \$400,000 per year, which accounts primarily for the increase of \$348,369 in net assets in fiscal year 2017 over 2016, and the increase of \$346,077 in fiscal year 2018 over 2017. The rental income consisted of a cash payment of \$96,000 per year and a credit allowance of \$304,008 per year for repairs and renovations to the property by the College. No repairs or renovation costs had been applied to this allowance as of June 30, 2018, leaving a deferred outflow of \$608,016 on the Foundation books.

The rental income lease was terminated June 10, 2019. The College had incurred costs of \$414,777 which did not materially add value to the property but was applied to the allowed tenant credit allowance. After recording the expenses of \$414,777, the Foundation wrote off the remaining unused allowance of \$193,239 under *Other Services and Expenses*, which contributed to a decrease in net assets invested in capital assets in fiscal year 2019 of \$561,820 compared to fiscal year 2018.

In 2021, an agreement was signed with Cushman and Wakefield to list this property for sale. This changed the character of the asset and an adjustment of \$429,078 for impairment was recorded.

The Foundation's current assets, restricted by purpose to scholarship or program accounts, were \$3,353,491 in fiscal year 2021, \$2,344,339 in fiscal year 2020, and \$2,556,192 in fiscal year 2019. The increase of \$1.1M in fiscal year 2021 is from Bank of America's investment rotations and an increase in pledge receivables for FY22.

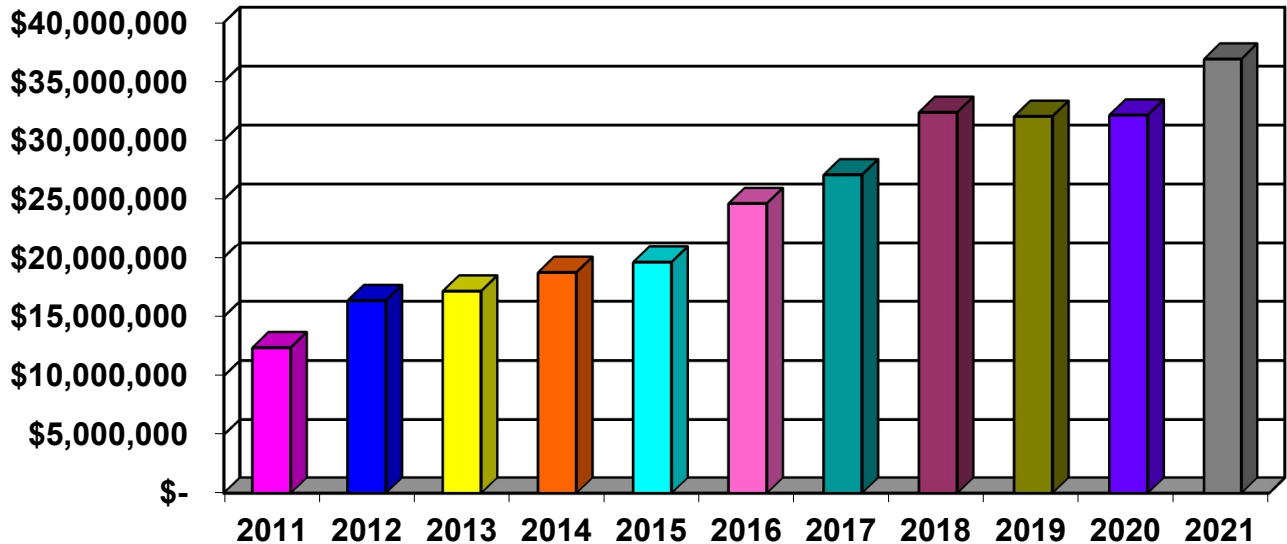
Noncurrent assets increased in fiscal year 2021 to \$33,249,086. In fiscal years 2020 and 2019, the amounts were \$29,356,946 and \$29,547,164, respectively. The \$3.9M increase in FY21 is a result of investment gains.

Current liabilities for fiscal year 2021 were \$331,294, a decrease of \$85,515 from the prior year. Current liabilities are mostly payables owed to Seminole State College. These payables consist of student scholarships and reimbursement for Foundation staff costs. The payables were paid the first week of fiscal year 2022.

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The following chart shows the ending net position at June 30 for each of the preceding 11 years:

Net Asset Growth 2011 - 2021



Consolidated Statements of Revenues, Expenses and Changes in Net Position

The purpose of the consolidated statements of revenues, expenses and changes in net position is to provide details of the Foundation's operating and nonoperating activities for the fiscal year. This statement includes the following sections:

1. Operating Revenues – Contributions from donors, College in-kind support, and other revenue.
2. Operating Expenses – Those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the Foundation; they are detailed by expenditure type.
3. Net Operating Income (Loss) – Represents the amount of operating revenues in excess of the year's operating expenses; it does not reflect nonoperating revenues.
4. Nonoperating Revenues (Expenses) – Revenue from sources for which no service is provided by the Foundation, i.e., investment earnings (losses), government grants, or contributions to the permanent endowment funds.
5. Change in Net Position – The result of the fiscal year's excess or deficiency of revenues over expenses, which is also the change in total net position.

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The following schedule shows the Foundation's consolidated statements of revenues, expenses and changes in net position for the years ended 2021, 2020, and 2019 and the variances from year to year:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease) FY21 vs. FY20</u>	<u>June 30, 2019</u>	<u>Increase (Decrease) FY20 vs. FY19</u>
Operating revenues					
Contributions	\$ 1,611,825	\$ 965,273	\$ 646,552	\$ 800,339	\$ 164,934
Sponsorship revenue	17,905	383,478	(365,573)	62,914	320,564
Other revenues	163,261	486,992	(323,731)	358,903	128,089
Rental income	-	-	-	-	-
Special events, net of costs	259,852	356,901	(97,049)	243,332	113,569
In-kind support – College	<u>583,814</u>	<u>687,664</u>	<u>(103,850)</u>	<u>699,962</u>	<u>(12,298)</u>
Total operating revenues	<u>2,636,657</u>	<u>2,880,308</u>	<u>(243,651)</u>	<u>2,165,450</u>	<u>714,858</u>
Operating expenses					
Personnel services	582,996	683,435	(100,439)	661,134	22,301
Scholarships and program support	2,382,837	2,690,102	(307,265)	2,636,679	53,423
Contractual services	291,950	252,007	39,943	658,160	(406,153)
Fundraising	83	934	(851)	3,671	(2,737)
Materials and supplies	30,590	43,127	(12,537)	56,460	(13,333)
Other services and expenses	<u>167,081</u>	<u>176,258</u>	<u>(9,177)</u>	<u>367,337</u>	<u>(191,079)</u>
Total operating expenses	<u>3,455,537</u>	<u>3,845,863</u>	<u>(390,326)</u>	<u>4,383,441</u>	<u>(537,578)</u>
Operating income (loss)	<u>(818,880)</u>	<u>(965,555)</u>	<u>146,675</u>	<u>(2,217,991)</u>	<u>1,252,436</u>
Nonoperating revenues					
Endowment contributions	198,407	233,586	(35,179)	503,007	(269,421)
Capital assets contributed	-	-	-	-	-
State grants	111,179	111,166	13	112,431	(1,265)
Realized and unrealized gains					
on investments, net	5,166,612	145,673	5,020,939	681,233	(535,560)
Interest and dividends	523,167	587,541	(64,374)	573,003	14,538
Impairment loss on held-for-sale assets	<u>(429,078)</u>	<u>-</u>	<u>(429,078)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>5,570,287</u>	<u>1,077,966</u>	<u>4,492,321</u>	<u>1,869,674</u>	<u>(791,708)</u>
Change in net position	4,751,407	112,411	4,638,996	(348,317)	460,728
Net position					
Beginning of year	<u>32,151,061</u>	<u>32,038,650</u>	<u>112,411</u>	<u>32,386,967</u>	<u>(348,317)</u>
End of year	<u>\$ 36,902,468</u>	<u>\$ 32,151,061</u>	<u>\$ 4,751,407</u>	<u>\$ 32,038,650</u>	<u>\$ 112,411</u>

Operating Results

- The Foundation's relationship between revenues and expenses is not linear. Dollars are raised over multiple years and funds are spent over multiple years, not necessarily always matching up. For fiscal year 2021, the Foundation had an operating loss of (\$818,880), a decrease in loss amount of \$146,675 from fiscal year 2020. In 2020, the Foundation recognized a multi-year pledge of \$525,000 but had no such gift in FY21. The higher loss in fiscal year 2019 is attributed to the termination of a rental agreement with the College that created a one-time loss.

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- The Foundation continued its strong support to the College for fiscal year 2021. The impact from COVID decreased this support in FY21 because the suspension of in-person classes and events. The total support in FY21 was \$2,635,514 compared to \$2,918,715 in FY20. For fiscal year 2019, the Foundation substantially increased the amount of support to \$2,808,751, an increase of 21% over 2018. Academic salary support is one of the largest areas the Foundation supports. This includes nursing faculty for the new 4-year nursing degree at the College. Salary support in fiscal year 2019 to \$707,560, \$710,395 in fiscal year 2020, and \$670,415 in FY21. The reduction in FY21 is related to faculty turnover and impact from COVID. There has also been an ongoing increase in student scholarship support. The Foundation has been able to provide \$1,082,913 (2,329 awards), \$1,285,903 (3,153 awards), and \$1,131,394 (2,015 awards), in fiscal years 2021, 2020, and 2019, respectively through both endowed and non-endowed scholarships. The slight decrease in support in FY21 was due to reduced program support related to COVID. Endowed scholarship support increased in FY21 by \$60K. Since the three-year campaign (FY2014 – FY2016) was initiated, the Foundation has added 73 endowed scholarships through June 2021, in addition to several endowed program accounts, resulting in an increase in annual endowed support from \$83,378 for fiscal year 2013 to \$461,647 in fiscal year 2021. The Foundation's Board adheres to a prudent spending policy by calculating endowed scholarship awards at 4% – 5% of the average market value of the previous five years.
- In fiscal year 2021, the Foundation received \$1,629,730 in direct operating contributions, sponsorships, and pledges, compared to \$1,348,751 in fiscal year 2020, an increase of \$280,979. The increase is because of pledges to the nursing program and planetarium. In FY20, there was recognition of a 3-Year pledge, \$525,000. In fiscal year 2019, the amount was \$863,263.
- Special event revenues, net of related costs, for fiscal years 2021, 2020, and 2019 were \$259,852, \$356,901, and \$243,332, respectively. These funds are raised from two events held annually by the Foundation, the Dream Gala and the Dream Cup Challenge Golf Tournament. The significant difference in fiscal year 2020 is because \$135K of the 3-Year pledge mentioned above was allocated to these events. This was also seen in 2015 when the initial 7-Year pledge was recognized. When the sponsorship pledge revenues, recorded in 2015, are reallocated to their respective event year, in each of the last four years, the Dream Gala has consistently eclipsed the \$300K threshold, with the top four years in gross revenues collected in 2021 (\$378,994), 2020 (\$348,655), 2019 (\$364,449), and 2018 (\$384,954). Fiscal year 2018 was the highest grossing Dream Gala ever and the 2021 Gala was the second highest. The annual scholarship auction, which has been an important component of the Dream Gala, since 2011, yielded \$65,021, \$58,008, and \$78,408 in fiscal years 2021, 2020, and 2019, respectively. The Dream Cup was a sold event and saw its highest revenue realized in FY21 of \$53,268.
- Direct operating support of \$513,068 was received from the College in fiscal year 2021, a decrease of \$103,850 over the prior year. The decrease was a result of staffing overlap in 2020 involving the Finance Director and Development Director positions plus a reduction in the Executive Director's support due to additional responsibilities tied to the College. For 2020 staffing costs decreased \$12,300 due to the elimination of 1 FTE. Through fiscal year 2018, the College provided all funding for Foundation staff positions and continues to provide office areas for the administration of the Foundation. Beginning in fiscal year 2019, the Foundation absorbed the cost of its scholarship position, which was only filled 1/2 of the year. Staff full-time equivalents (FTEs) (paid at year-end by the College) were approximately 6.0, 6.3, and 8.3 in fiscal years 2021, 2020, and 2019 respectively.

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Direct operating support from the College consists of the following for the years ended June 30, 2021, 2020, and 2019:

	Direct College Operating Support		
	2021	2020	2019
Salary and benefits	\$ 513,068	\$ 616,918	\$ 629,216
Occupancy and other	70,746	70,746	70,746

Nonoperating Results

- Endowment contributions of \$198,407 for fiscal year 2021, \$233,586 for fiscal year 2020, and \$503,007 for fiscal year 2019, are donor-permanently-restricted contributions. Seventy (70) new endowed accounts have been established in the last seven years, especially during the three-year comprehensive campaign, “Changing Lives, the Campaign for Student Success.” Pledge payments on many of the newly established endowed funds were fully realized in 2021 and the push for new endowments continues post-campaign; new endowed accounts: two (2) in fiscal year 2019, seven (7) in fiscal year 2020, and nine (9) in fiscal year 2021.
- Beginning with fiscal year 2009, the Dr. Philip Benjamin Matching Grant Program has not been funded by the state of Florida; the program was officially suspended for all future contributions received after June 29, 2011. Unmatched contributions received during the period from February 2, 2007, to June 29, 2011, remain in queue with the state. These matching funds will be paid if and when state funding permits; \$3,236,870 in state matching funds are pending for the Foundation.
- While the Dr. Philip Benjamin Matching Grant Program has been suspended, the state does still offer matching grant funds for scholarships for First Generation in College students. The amounts were \$112,431 and \$111,166 in fiscal years 2019 and 2020. For 2021, the amount was \$111,179.
- Investment income (interest and dividends) decreased, \$64K in 2021 due to the impact of COVID. Interest rates for investments dropped substantially and several companies reduced/suspended their dividends (Delta Airlines). Investment income was \$523,167 in fiscal year 2021; it was \$587,541 in fiscal year 2020, an increase of \$14,538 over fiscal year 2019. The amount in 2019 was 573,003. The Foundation received a sizeable bequest in January 2017, which at the direction of the donor was to be invested primarily in dividend-paying equities.
- Over the last few years, the area of investment gains and losses have fluctuated significantly as the financial markets have endured a number of volatile cycles. The Foundation experienced negative returns in the first half of fiscal 2016. The Foundation elected to go through an RFP process and selected a new investment firm to manage the Foundation’s investments. Specific security liquidations were made when the holdings under the previous investment manager did not meet the stricter platform requirements of the new team; unfortunately, this liquidation occurred during the market downturn in January 2016. The liquidated funds were immediately reinvested and since inception (1/26/16), the new firm has produced an overall return of 9.63%. Since fiscal year 2017, the Foundation has 2 investment managers with the primary firm producing 27.07% in 2021, 3.32% in 2020, and 6.0% in 2019; the second manager (for the endowed gift of \$1,274,000 received mid-2017, and the subsequent bequest of \$2,593,950 in 2018) earned 31.64% for 2021, 1.85% for 2020, and 4.3% 2019. The investment portfolio for the second manager is restricted by the donor to only dividend paying equities.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
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June 30, 2021, 2020 and 2019**

- Realized and unrealized gains (losses) and investment fees on investments for the years ended June 30, 2021, 2020, and 2019, are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Realized gains	\$ 790,924	\$ 123,618	\$ 40,467
Unrealized gains (losses)	4,480,932	117,996	735,036
Investment fees	<u>(105,244)</u>	<u>(95,941)</u>	<u>(94,270)</u>
Net gains	<u>\$ 5,166,612</u>	<u>\$ 145,673</u>	<u>\$ 681,233</u>

Operating Expenses

- Most of the programs and services generally associated with the Foundation's basic consolidated financial statements consist of institutional support and scholarships as the primary focus and consist of the following for the years ended June 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Faculty personnel costs	\$ 670,415	\$ 710,395	\$ 707,560
Program support	629,621	693,802	797,725
Scholarships	<u>1,082,801</u>	<u>1,285,905</u>	<u>1,131,394</u>
	<u>\$ 2,382,837</u>	<u>\$ 2,690,102</u>	<u>\$ 2,636,679</u>

Beginning in fiscal year 2013, the Foundation has provided salary support to the College consistently for the Nursing program. The Foundation increased its support for the program in 2018, when the College began offering a Bachelor of Science degree in Nursing during the spring semester. Over the years, additional assistance has been supplied for Academic Advising for First Generation in College students, the Theater program and for support of Athletics Coaching.

The Foundation distributed 2,329 scholarships (includes COVID Relief Assistance) to students in fiscal year 2021, 3,153 scholarships to students in fiscal year 2020; and 2,015 scholarships to students in fiscal year 2019. As stated earlier, the Foundation's endowed portfolio continues to grow, generating more awards dollars each year. Non-endowed scholarships in 2019 and 2020 were \$608,581 and \$883,945, respectively, but decreased due to COVID to \$621,266 in fiscal year 2021. Average awards per student were \$466, \$408, and \$561, respectively, for fiscal years 2021, 2020, and 2019.

Going into FY21 it was difficult to figure where the impact from COVID would be felt. Program support is an area we saw an impact. Support to the College decreased in FY21 to \$629,621 due to in-person classes and events being suspended. In FY20 program support was \$693,779. This is lower compared to 2019 which had one-time purchases. The higher amount in FY2019, \$797,725, is attributable to \$63,302 spent on supplies and equipment for the new Mechatronics and Robotics Program and to \$10,993 for neuropathy lab equipment.

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- For the years ended June 30, 2021, 2020, and 2019, the majority of Other Operating Expenses consisted of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Personnel services	\$ 582,996	\$ 683,435	\$ 661,134
Contractual services	291,950	252,007	658,160
Fundraising	83	934	3,671
Materials and supplies	30,590	43,127	56,460
Other services and expenses*	167,081	176,258	367,337

Personnel services were higher in 2020 due to overlap of existing staff leaving and his/her replacement starting. Also, the Foundation started paying 100% of the Scholarship Coordinator position in 2021.

Fundraising costs of \$83, \$934, and \$3,671 for fiscal years 2021, 2020 and 2019 represent expenses in connection with Presidents’ Club solicitations.

Other services and expenses of \$596,159 for fiscal year 2021 increased substantially compared to 2020 due to the impairment of the 17-92 property. The amount of the impairment is \$429,078. For fiscal year 2019, bad debt on the retirement of the rental lease was recognized in the amount of \$193,239. This category also includes bank fees, credit card expenses, software maintenance, rental expense, etc.

Consolidated Statements of Cash Flows

The consolidated statements of cash flows show the cash provided by and used in operating, investing, capital and related financing, and noncapital financing activities. This is another way to assess the financial strength of an institution. The consolidated statements of cash flows also help users evaluate:

1. The Foundation’s ability to generate future net cash flows.
2. Its ability to meet its obligations as they come due.
3. Its need for external financing.

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A summary of the Foundation's cash flows are as follows for the years ended June 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows provided by (used in)			
Operating activities	\$ (356,650)	\$ (378,941)	\$ (646,158)
Investing activities	645,448	525,541	(65,194)
Capital and related financing activities	-	-	(150,000)
Noncapital financing activities	<u>309,586</u>	<u>344,752</u>	<u>615,438</u>
Net change in cash, restricted cash and cash equivalents	598,384	491,352	(245,914)
Cash			
Beginning of year	<u>2,385,193</u>	<u>1,893,841</u>	<u>2,139,755</u>
End of year	<u>\$ 2,983,577</u>	<u>\$ 2,385,193</u>	<u>\$ 1,893,841</u>

Analysis of Cash Flows

For the purpose of cash flows, cash and cash equivalents include the Foundation's main operating account, money market deposits, and all highly liquid debt instruments with original maturities of three months or less. The amount of cash, restricted cash, and cash equivalents at the end of fiscal year 2021 was \$2,983,577, an increase of \$598,384. The increase in cash position is due to a solid year of fundraising, the reduction of expenses related to COVID, and additional support for the nursing program, \$250,000. As of June 30, 2020, the total cash, restricted cash, and cash equivalents number was \$2,385,193, an increase of \$491,352 over the prior year, attributable to a bequest pledge being received and additional support for the nursing program.

The net cash used in operating activities in fiscal years 2021 and 2020 was (\$356,650) and (\$378,941), respectively showing a decrease usage in 2021 of \$22,291. The overall increased usage of cash of the past several years is due to an increased support for scholarships and programs. Prior to fiscal year 2018, net cash usage was lower because of rent received from the College for rental of the Foundation's property on Highway 17-92.

For the years ended June 30, 2021, 2020, and 2019, the net cash provided by (used in) operating activities was derived from the following activities:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Receipts from contributions	\$ 1,728,460	\$ 1,096,081	\$ 1,420,650
Other receipts	622,979	1,388,436	836,294
Less: Payments			
For scholarships and program support	(2,321,824)	(2,493,888)	(1,967,655)
For employees	(69,928)	(66,517)	(31,918)
To suppliers	(316,337)	(303,053)	(902,508)
Interest paid	<u>-</u>	<u>-</u>	<u>(1,021)</u>
Net cash used in operating activities	<u>\$ (356,650)</u>	<u>\$ (378,941)</u>	<u>\$ (646,158)</u>

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As per the Foundation’s mission, payments for scholarships and program support have consistently been the principal used in operating activities for the last three years, including the use of funds secured in prior years.

Net cash inflows/outflows from investing activities in fiscal year 2021 was \$645,448, an increase of \$119,906 from fiscal year 2020. This increase is attributed to Bank of America’s rotation of equities in its overall investing strategies. In fiscal year 2020, there was also some rotation but not to the level of FY21. In 2019, purchases exceeded sales by \$638,197 in the investment accounts. This was caused by the receipt of the final bequest payment received in fiscal year 2019 and the investment managers held a higher than normal cash position at the end of fiscal year 2018. As they position the portfolio for annual spending withdrawals and asset reallocation, investment managers held cash of \$1,068,152 at June 30, 2018.

The cash utilized for capital and related financing activities represents activity related to the financing of the Foundation-owned property off Lake Mary Boulevard. In fiscal year 2015, the Foundation obtained a five-year note payable for \$600,000 when it purchased a second parcel of land adjacent to the original property off Lake Mary Boulevard. The Foundation made four equal payments of \$150,000 in each fiscal year from 2016 through 2019.

Cash provided for noncapital financing activities in fiscal year 2021 was \$309,586, a decrease of (\$35,166) from fiscal year 2020, mostly due to a decrease in endowment contributions. There was a significant decrease between FY20 and FY19. In fiscal year 2019, the Foundation received the final bequest payment of \$325,954 which resulted in \$615,438 net cash provided by noncapital financing activities.

Capital Assets and Long-Term Debt

In May 2008, the Foundation recorded its first capital asset at \$828,741. This represents a 3.28-acre parcel of land located at the northern entrance to the College’s Sanford/Lake Mary Campus. In fiscal year 2009, site development work of \$43,430 brought the asset value to \$872,171. This acquisition was financed with a low-interest loan in 2008 that was paid in full by fiscal year 2014. In fiscal year 2015, the Foundation acquired 1.5673 acres of undeveloped land in Lake Mary, Florida, adjacent to the 3.28-acre parcel already owned by the Foundation, with a note of \$600,000 payable over five years, at a 2.56% interest rate. The Foundation paid this loan off in four years with the final payment of \$150,000 made in August 2018. The Foundation currently has no debt on capital assets.

The Foundation also owns 9.32 acres (debt-free), located on US Highway 17-92 in Longwood, including six buildings, and site improvements, from a property gift in fiscal year 2016. The land is valued at \$1,855,878; the buildings are valued at \$1,374,122, less depreciation of \$270,722 and less impairment of \$429,078. The impairment was recorded in 2021 due the Foundation listing the location for sale with Cushman and Wakefield. Site improvements are valued at \$870,000, less depreciation of \$300,200.

Capital assets consist of the following at June 30, 2021:

Capital assets not being depreciated

Lake Mary Boulevard land purchase – 2008	\$ 872,171
Lake Mary Boulevard land purchase – 2015	<u>600,000</u>
	<u>\$ 1,472,171</u>

Capital assets held for sale

Longwood property gift – land cost allocation – 2016	\$ 1,855,878
Longwood property gift – buildings cost allocation – 2016	674,322
Longwood property gift – site improvements cost allocation – 2016	<u>569,800</u>
	<u>\$ 3,100,000</u>

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
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Future Economic Outlook

After 17 months of the COVID-19 pandemic, there are several vaccines available allowing businesses to reopen and society to move forward. Due to technology and the local economy Central Florida has seen a migration of businesses and professionals, from other parts of the country. This provides opportunities for new connections and donors. We are thankful to our existing donors and work diligently to recognize their contributions and impact on our students and community. Looking forward, we believe engagement and support for the Foundation will remain high and have adjusted our 2022 budget accordingly. We are optimistic about the future but will continue to approach the future in a measured positive manner. We will follow our budgets closely to ensure we have another year of positive support to the College.

The Foundation continues to have solid support from the community and is positioned well for the future. We look forward to further expanding our fundraising base and support for the College. For this next fiscal year our focus will be to:

- Thank our donors and partners for supporting the Foundation and highlight the impact of their support.
- Execute the integration of our President, Dr. Lorenz in our fundraising strategies; she is passionate and well-versed in the needs of Seminole State College and the community.
- Connect and engage our alumni and supporters with the Foundation and College.
- Continue working on new and innovative strategies to assist in launching our next campaign.
- Further develop connections within the community to identify prospective donors.
- Utilize technology to identify opportunities and improve processes.

This financial report is designed to provide the College, our donors, stakeholders, and creditors with a general overview of the Foundation's finances and to show the Foundation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Foundation at foundation@seminolestate.edu.

Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 457,611	\$ 708,607
Restricted cash and cash equivalents	2,525,966	1,676,586
Pledges receivable, net	173,574	158,333
Restricted pledges receivable, net	821,585	658,398
Restricted other current assets	5,940	9,000
Total current assets	<u>3,984,676</u>	<u>3,210,924</u>
Noncurrent assets		
Investments, at fair value	2,424,366	1,895,767
Restricted investments, at fair value	25,409,629	20,893,897
Pledges receivable, net	342,920	515,644
Restricted pledges receivable, net	500,000	946,585
Capital assets not being depreciated	1,472,171	3,328,049
Capital assets being depreciated, net	-	1,777,004
Capital assets held for sale	<u>3,100,000</u>	<u>-</u>
Total noncurrent assets	<u>33,249,086</u>	<u>29,356,946</u>
Total assets	<u>37,233,762</u>	<u>32,567,870</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	5,036	6,784
Due to Seminole State College of Florida	18,945	-
Payable from restricted assets		
Accounts payable and accrued expenses	-	39,737
Due to Seminole State College of Florida	284,052	350,928
Assets held for college clubs	<u>23,261</u>	<u>19,360</u>
Total liabilities	<u>331,294</u>	<u>416,809</u>
Net Position		
Invested in capital assets	4,572,171	5,105,053
Restricted		
Expendable	16,552,000	12,303,539
Nonexpendable endowments	12,526,522	12,270,918
Unrestricted	<u>3,251,775</u>	<u>2,471,551</u>
Total net position	<u>\$ 36,902,468</u>	<u>\$ 32,151,061</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues		
Contributions	\$ 1,611,825	\$ 965,273
Sponsorship revenue	17,905	383,478
Other revenues	163,261	486,992
Special events, net	259,852	356,901
Direct operating support – in-kind support – College	<u>583,814</u>	<u>687,664</u>
Total operating revenues	<u>2,636,657</u>	<u>2,880,308</u>
Operating expenses		
Personnel services	582,996	683,435
Scholarships and program support	2,382,837	2,690,102
Contractual services	291,950	252,007
Fundraising	83	934
Materials and supplies	30,590	43,127
Other services and expenses	<u>167,081</u>	<u>176,258</u>
Total operating expenses	<u>3,455,537</u>	<u>3,845,863</u>
Operating loss	<u>(818,880)</u>	<u>(965,555)</u>
Nonoperating revenues (expense)		
Endowment contributions	198,407	233,586
State grants	111,179	111,166
Realized and unrealized gains on investments, net	5,166,612	145,673
Interest and dividends	523,167	587,541
Impairment loss on capital assets held for sale	<u>(429,078)</u>	<u>-</u>
Total nonoperating revenues (expense)	<u>5,570,287</u>	<u>1,077,966</u>
Change in net position	4,751,407	112,411
Net position		
Beginning of year	<u>32,151,061</u>	<u>32,038,650</u>
End of year	<u>\$ 36,902,468</u>	<u>\$ 32,151,061</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Receipts from contributions	\$ 1,728,460	\$ 1,096,081
Other receipts	622,979	1,388,436
Payments for scholarships and program support	(2,321,824)	(2,493,888)
Payments for employees	(69,928)	(66,517)
Payments to suppliers	<u>(316,337)</u>	<u>(303,053)</u>
Net cash used in operating activities	<u>(356,650)</u>	<u>(378,941)</u>
Investing activities		
Receipts from interest and dividends	523,167	587,541
Purchases of investments	(7,908,500)	(6,259,230)
Proceeds from sales of investments	<u>8,030,781</u>	<u>6,197,230</u>
Net cash provided by investing activities	<u>645,448</u>	<u>525,541</u>
Noncapital financing activities		
State grants	111,179	111,166
Endowment contributions received for other capital purposes	<u>198,407</u>	<u>233,586</u>
Net cash provided by noncapital financing activities	<u>309,586</u>	<u>344,752</u>
Net change in cash, restricted cash and cash equivalents	598,384	491,352
Cash, restricted cash and cash equivalents		
Beginning of year	<u>2,385,193</u>	<u>1,893,841</u>
End of year	<u>\$ 2,983,577</u>	<u>\$ 2,385,193</u>
Presented in the accompanying consolidated statement of net position as		
Cash and cash equivalents	\$ 457,611	\$ 708,607
Restricted cash and cash equivalents	<u>2,525,966</u>	<u>1,676,586</u>
	<u>\$ 2,983,577</u>	<u>\$ 2,385,193</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash, restricted cash, and cash equivalents used in operating activities		
Operating loss	\$ (818,880)	\$ (965,555)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	103,804	103,804
Changes in		
Pledges receivable	157,483	(359,729)
Restricted pledges receivable	286,458	659,809
Accounts payable and accrued expenses	(41,485)	30,461
Due to Seminole State College of Florida	(47,931)	160,444
Assets held for college clubs	<u>3,901</u>	<u>(8,175)</u>
Total adjustments	<u>462,230</u>	<u>586,614</u>
Net cash used in operating activities	<u>\$ (356,650)</u>	<u>\$ (378,941)</u>
 Supplemental disclosures		
Noncash investing and financing activities		
Unrealized gains on investments	<u>\$ 4,480,932</u>	<u>\$ 117,996</u>
Realized gains on investments	<u>\$ 790,923</u>	<u>\$ 123,619</u>
Impairment of capital assets held for sale	<u>\$ 429,078</u>	<u>\$ -</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Notes to Consolidated Financial Statements
June 30, 2021 and 2020**

1. ORGANIZATION AND PURPOSE

Foundation for Seminole State College of Florida, Inc. (the “Foundation”) was chartered under Chapter 617 of the Florida Statutes as a not-for-profit and incorporated as a direct support organization, as provided for in Section 240.331 of the Florida Statutes. The Foundation was established in 1968 in Sanford, Florida. The Foundation’s principal function is to receive, hold, invest, and administer charitable contributions for Seminole State College of Florida (the “College”). The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is exempt from federal and state income taxes pursuant to Section 509(a) of the IRC.

The Foundation complies with accounting principles generally accepted in the United States of America. The Foundation applies all relevant Government Accounting Standards Board (“GASB”) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures of the Foundation’s financial activities for the fiscal years ended June 30, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Foundation functions as a direct support organization of the College, as defined in section 1004.70(6), Florida Statutes. Although the Foundation is legally separate from the College, it is financially accountable to the College. The Foundation is managed independently, outside the College budgeting process, and its powers generally are vested in a governing board pursuant to various state statutes. The Foundation holds, invests, and administers property and makes expenditures to or for the benefit of the College. The Foundation is considered a discrete component unit of the College.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Foundation prepares its consolidated financial statements using the economic resources measurement focus and on 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 principles used for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. For reporting purposes, these funds are combined into one column.

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

The net position of the Foundation is reported in three fund groups as follows:

Invested in Capital Assets – Represents funds that consist of capital assets, including restricted capital assets, net of accumulated depreciation.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
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Notes to Consolidated Financial Statements
June 30, 2021 and 2020**

Restricted – Within restricted, there are two fund types as follows:

Expendable – Representing funds that are subject to donor, grantor, or other outside party restrictions to use for the benefit of various programs at the College, including the expendable portion of endowment funds.

Nonexpendable – Representing the nonexpendable portion of endowment funds that are subject to donor, grantor, or other outside party restrictions to use for the benefit of various programs at the College. Net earnings and losses on endowment funds are included in expendable funds.

Unrestricted – Representing funds that are available without restriction for carrying out the Foundation's objectives.

Basis of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, Gould Property Expansion, LLC, a limited liability corporation established to receive and maintain a property that was contributed. All significant intercompany transactions and balances have been eliminated in the consolidation.

Operating and Nonoperating Activities

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities which are in support of the College's programs. Operating activities directly relate to the Foundation's principal functions, which are to receive, hold, and invest and administer charitable contributions for the College. All revenues and expenses not meeting this definition or those earned and incurred on a passive basis, such as investments, are reported as nonoperating revenues and expenses.

Revenue Recognition

Contributions are recognized as increases in net position when received or when pledged unconditionally. Assets donated to the Foundation are recorded at their estimated fair value at the date of donation. Donated services subject to objective measurement and valuation such as payroll and rent are recognized as revenue by the Foundation. Other donated services are not recognized as revenue by the Foundation. Rental income is recognized as earned in accordance with the terms of the lease.

Cash, Restricted Cash, and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash consists of cash and cash equivalents subjected to donor, grantor, or other outside party restrictions.

Investments

Investments are carried at fair value and realized, and unrealized gains and losses are reflected in the consolidated statements of revenues, expenses and changes in net position. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investments that are expected to be sold or redeemed within the next 12 months are classified as current investments while investments expected to be held over the next 12 months are classified as noncurrent investments.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
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Notes to Consolidated Financial Statements
June 30, 2021 and 2020**

Pledges Receivable

All unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. Restricted pledges receivable consists of pledges receivable subjected to donor, grantor, or other outside party restrictions. Pledges receivable potentially subject the Foundation to credit risk due to the uncertain nature of collectability. Management of the Foundation monitors the collectability of the pledges receivable and, if applicable, provides for allowances for doubtful pledges based on this assessment and specific identification. As of June 30, 2021 and 2020, the Foundation had not established an allowance account as all pledges were considered collectible.

Capital Assets

Capital assets, which include land and capitalized costs, are reported in the consolidated statements of net position. Capital assets are defined by the Foundation as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Assets acquired by gift or bequests are recorded at their fair market value at the date of transfer. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are charged to expense. Depreciation, where applicable, on assets is provided on the straight-line basis over their estimated useful lives. Capital assets being depreciated consist of buildings and improvements which are depreciated over estimated useful lives of 15 – 30 years.

Capital assets held for sale consist of 9.32 acres of land containing six buildings totaling approximately 79,500 square feet located in Longwood, Florida (see Note 6). This property was originally held for use by the College but is currently vacant. Capital assets are classified as held for sale when management's intent is to sell the property and the applicable accounting criteria are satisfied. This determination requires management to make estimates and assumptions, including assessing the probability that potential sales transactions may or may not occur. Actual results could differ from those assumptions. Upon designation as held for sale, the carrying values of the assets are recorded at the lower of the carrying value or the estimated fair value, less estimated selling costs. Assets held for sale are no longer depreciated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The Foundation reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. During the year ended June 30, 2021, management evaluated certain real property in Longwood, Florida, and determined that the ability to recover the carrying value is unlikely. As a result of this evaluation, the Foundation recorded an impairment loss of \$429,078 for the year ended June 30, 2021. No impairments were recorded for the year ended June 30, 2020.

Assets Held for College Clubs

As a service to the College, the Foundation provides certain accounting services to various college clubs and other organizations which are involved with various college related activities. The Foundation records all cash receipts and disbursements of the clubs in individual liability accounts called "assets held for college clubs" in the consolidated statements of net position to reflect the cumulative balance due to these organizations. No other amounts which affect the club accounts are reflected in the accompanying consolidated financial statements.

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Income Taxes

The Foundation is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is exempt from federal and state income taxes in accordance with Section 509(a) of the IRC.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in consolidated financial statements, and the amounts recognized are affected by income tax positions taken by the Foundation in its tax returns. The Foundation’s status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the IRC, the sustainability of some income tax positions taken by the Foundation in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the consolidated financial statements. Management does not believe that the Foundation has any material uncertain tax positions at June 30, 2021. In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

Fundraising

Costs associated with fundraising activities for the President’s Club program are shown as fundraising expenses in the accompanying consolidated statements of revenues, expenses, and changes in net position. Included are all direct costs associated with these fundraising activities that include both fundraising and program or management and general functions.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through August 26, 2021, the date which the consolidated financial statements were available to be issued. Based upon this evaluation, other than as disclosed in Note 6, the Foundation has determined that no other subsequent events have occurred which require adjustment to or disclosure in the consolidated financial statements.

Reclassification

Certain amounts in the June 30, 2020 statement of net position have been reclassified to conform with the presentation in the June 30, 2021 financial statements. The reclassification had no effect on the change in net position.

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3. DEPOSITS AND INVESTMENTS

Generally, the goals of the Foundation's investment program for endowments are set forth in the investment policy as approved by the Foundation's Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect the endowment from inflation. For investments of endowed funds, except Title III funds, the investment policy includes target allocations of 55% equities, with a maximum of 70% (up to 70% and 25%, of the total managed portfolio can be domestic and international) respectively, a target allocation of 30% fixed income with a maximum of 85%, and a target allocation of 15% alternative investments, with a maximum of 25%. For investments of non-endowed funds, the investment policy includes target allocations of 25% equities, with a maximum 45% (up to 30% and 15%, of the total managed portfolio can be domestic and international) respectively, a target allocation of 75% fixed income, with a maximum of 100%, and a target allocation of 0% alternative investments, with a maximum of 5%. For Title III endowed funds, the investment policy includes target allocations of 80% fixed income, with a minimum of 70% and maximum of 100%, a target allocation of 20% equities with a minimum of 0% and maximum of 30%.

In 2017, the Foundation received a contribution in the form of an investment portfolio endowment. The objective is to maximize investment returns with a primary focus on income generation from equity securities while maintaining prudent levels of risk to meet those objectives. Investments and earnings in this portfolio are subject to certain investment policies as stipulated by the donor. The investment policy includes a total target allocation of 95% equities, with an allowable range of 0% – 100% as defined (at least 50% of the total managed portfolio must be domestic equities), a target allocation of 5% cash equivalents or certificates of deposits, with an allowable range of 0% – 30%, and allowable ranges for various other security types, as defined, of 0% to a maximum of 30%, as defined.

Management believes the Foundation is in compliance with its investment policies for the year ended June 30, 2021.

Custodial Credit Risk

The Florida Security for Public Deposits Act (the "Act") establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, Foundation deposits in qualified public depositories are fully insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. No more than 5% of Foundation investments can be invested with a single company, and no more than 30% of investments can be in one equity industry.

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table on the following pages summarizes the ratings of Foundation debt instruments using the higher of Standard & Poor's or Moody's, nationally recognized statistical rating organizations. The Foundation's investment policy requires investment grade bonds and commercial papers to be rated B+ and A1 or better, respectively.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. The Foundation had approximately \$283,000 and \$225,000 in foreign fixed-income bonds at June 30, 2021 and 2020, respectively.

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 Foundation's investment policy provides guidelines such as duration maximums and collateralization requirements to reduce its interest rate risk.

The Foundation's investments at June 30, 2021, were as follows:

Investment Type	Credit Quality	Average Maturities	Cost	Fair Value
Interest-sensitive investments				
Corporate bonds	AAA - Baa3	5.41 years	\$ 4,409,487	\$ 4,547,428
U.S. Treasury bonds	AAA - AA+	10.28 years	1,141,885	1,138,184
Foreign bonds	A2 - Baa3	3.92 years	<u>279,013</u>	<u>283,497</u>
Total interest-sensitive investments			<u>5,830,385</u>	<u>5,969,109</u>
Alternative investments				
U.S. mortgage-backed securities	AAA - AA+	21.24 years	<u>1,096,586</u>	<u>1,097,165</u>
Total alternative investments			<u>1,096,586</u>	<u>1,097,165</u>
Equity investments				
Mutual funds	N/A	N/A	5,548,424	7,541,434
Domestic equities	N/A	N/A	6,752,102	9,984,720
International equities	N/A	N/A	<u>2,370,165</u>	<u>3,241,567</u>
Total equity investments			<u>14,670,691</u>	<u>20,767,721</u>
Total investments			21,597,662	27,833,995
Carrying value of cash and cash equivalents			<u>2,983,577</u>	<u>2,983,577</u>
Total cash, cash equivalents, and investments			<u>\$ 24,581,239</u>	<u>\$ 30,817,572</u>
Presented in the accompanying consolidated financial statements as				
Cash and cash equivalents				\$ 457,611
Restricted cash and cash equivalents				2,525,966
Investments – noncurrent				2,424,366
Restricted investments – noncurrent				<u>25,409,629</u>
				<u>\$ 30,817,572</u>

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The Foundation's investments at June 30, 2020, were as follows:

<u>Investment Type</u>	<u>Credit Quality</u>	<u>Average Maturities</u>	<u>Cost</u>	<u>Fair Value</u>
Interest-sensitive investments				
Corporate bonds	AAA - Baa3	3.73 years	\$ 4,942,989	\$ 5,209,857
U.S. Treasury bonds	AAA - AA+	10.45 years	1,001,449	1,080,558
Foreign bonds	A3 - Baa3	3.58 years	<u>218,286</u>	<u>225,366</u>
Total interest-sensitive investments			<u>6,162,724</u>	<u>6,515,781</u>
Alternative investments				
U.S. mortgage-backed securities	AAA - AA+	17.09 years	<u>810,418</u>	<u>828,547</u>
Equity investments				
Mutual funds	N/A	N/A	5,110,079	5,949,777
Domestic equities	N/A	N/A	7,365,587	7,856,504
International equities	N/A	N/A	<u>1,585,493</u>	<u>1,639,055</u>
Total equity investments			<u>14,061,159</u>	<u>15,445,336</u>
Total investments			21,034,301	22,789,664
Carrying value of cash and cash equivalents			<u>2,385,193</u>	<u>2,385,193</u>
Total cash, cash equivalents and investments			<u>\$ 23,419,494</u>	<u>\$ 25,174,857</u>
Presented in the accompanying consolidated financial statements as				
Cash and cash equivalents				\$ 708,607
Restricted cash and cash equivalents				1,676,586
Investments – noncurrent				1,895,767
Restricted investments – noncurrent				<u>20,893,897</u>
				<u>\$ 25,174,857</u>

For the years ended June 30, 2021 and 2020, realized and unrealized losses on investments in the consolidated statements of revenues, expenses and changes in net position are net of investment expenses of approximately \$105,000 and \$96,000, respectively.

4. FAIR VALUE MEASUREMENTS

The Foundation's estimates of fair value for investments are based on the framework established in the fair value measurements and disclosures accounting guidance. The framework is based on the inputs used in the valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Foundation's significant market assumptions. The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

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Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

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

Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Foundation’s own assumptions about the inputs that market participants would use.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, the Foundation estimates fair value using methods, models, and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income-based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

The following tables present the levels within the fair value hierarchy in which the Foundation’s financial instruments are measured on a recurring basis at June 30:

	2021			
	Total	Level 1	Level 2	Level 3
Interest-sensitive investments				
Corporate bonds	\$ 4,547,428	\$ -	\$ 4,547,428	\$ -
U.S. Treasury bonds	1,138,184	1,138,184	-	-
Foreign bonds	<u>283,497</u>	<u>-</u>	<u>283,497</u>	<u>-</u>
Total interest-sensitive investments	<u>5,969,109</u>	<u>1,138,184</u>	<u>4,830,925</u>	<u>-</u>
Alternative investments				
U.S. mortgage-backed securities	<u>1,097,165</u>	<u>-</u>	<u>1,097,165</u>	<u>-</u>
Total alternative investments	<u>1,097,165</u>	<u>-</u>	<u>1,097,165</u>	<u>-</u>
Equity investments				
Mutual funds	7,541,434	7,541,434	-	-
Domestic equities	9,984,720	9,984,720	-	-
International equities	<u>3,241,567</u>	<u>3,241,567</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>20,767,721</u>	<u>20,767,721</u>	<u>-</u>	<u>-</u>
Total fair value measurements	<u>\$ 27,833,995</u>	<u>\$ 21,905,905</u>	<u>\$ 5,928,090</u>	<u>\$ -</u>

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	2020			
	Total	Level 1	Level 2	Level 3
Interest-sensitive investments				
Corporate bonds	\$ 5,209,857	\$ -	\$ 5,209,857	\$ -
U.S. Treasury bonds	1,080,558	1,080,558	-	-
Foreign bonds	225,366	-	225,366	-
Total interest-sensitive investments	<u>6,515,781</u>	<u>1,080,558</u>	<u>5,435,223</u>	<u>-</u>
Alternative investments				
U.S. mortgage-backed securities	<u>828,547</u>	<u>-</u>	<u>828,547</u>	<u>-</u>
Equity investments				
Mutual funds	5,949,777	5,949,777	-	-
Domestic equities	7,856,504	7,856,504	-	-
International equities	<u>1,639,055</u>	<u>1,639,055</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>15,445,336</u>	<u>15,445,336</u>	<u>-</u>	<u>-</u>
Total fair value measurements	<u>\$ 22,789,664</u>	<u>\$ 16,525,894</u>	<u>\$ 6,263,770</u>	<u>\$ -</u>

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

The following are descriptions of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020:

Common Stocks (Equities): Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Funds valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

Bonds (Corporate, U.S. Treasury, and Foreign): Valued using pricing models maximizing the use of observable inputs for the same or similar securities. This includes basing value on yields currently available on comparable securities of issuers with the same or similar credit ratings.

U.S. Mortgage-Backed Securities: Funds valued using pricing models maximizing the use of observable inputs for similar securities.

The carrying value of cash and cash equivalents, due from and to Seminole State College of Florida, and accounts payable are reasonable estimates of their fair value due to the short-term nature of the financial instruments.

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Fair Value Measurements on a Non-Recurring Basis

Long-lived assets are measured at fair value on a non-recurring basis and are subject to fair value adjustments when there is evidence of impairment. The following table presents assets carried on the statements of financial position by caption and by level within the fair value hierarchy, as described above, as of June 30, 2021, for which a non-recurring change in fair value has been recorded in the accompanying financial statements during the year ended June 30, 2021:

	Fair Value Measurements as of June 30, 2021, Using				Total Losses
	Total	Quoted Price in Active Markets for Identical Assets (Level I)	Significant Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	
Capital assets held for sale	\$ 3,100,000	\$ -	\$ -	\$ 3,100,000	\$ 429,078

As of June 30, 2021, assets included in capital assets held for sale with a combined carrying amount of \$1,673,200 were written down to their implied fair value, resulting in impairment charges totaling \$429,078 which are included in the accompanying consolidated statements of revenues, expenses, and changes in net position.

5. PLEDGES RECEIVABLE

Unrestricted and restricted pledges receivable are recorded in the consolidated statements of net position at their estimated net realizable value. The pledges receivable were discounted using risk-free interest rates ranging from 0.11% to 2.77% as of June 30, 2021. Pledges receivable as of June 30, 2021, are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
2022	\$ 175,850	\$ 875,000
2023	175,000	500,000
2024	175,000	-
	<u>525,850</u>	<u>1,375,000</u>
Less: Present value discounts	9,356	53,415
Total pledges receivable, net	516,494	1,321,585
Less: Current portion of pledges receivable	<u>173,574</u>	<u>821,585</u>
Long-term portion of pledges receivable	<u>\$ 342,920</u>	<u>\$ 500,000</u>

In July 2014, the Foundation executed a sponsorship agreement with a local credit union. Under the terms of this agreement, the credit union will make annual contributions of up to \$225,000 but not less than \$175,000 through June 30, 2024. The contract was eligible for termination by either party at June 30, 2021, upon written notice provided no later than June 30, 2020. Neither party exercised the termination option during the year ended June 30, 2020. Future amounts to be paid under this agreement have been included in pledges receivable, net of discount, in the consolidated statements of net position. Revenues recognized under this agreement have been recorded as contributions and sponsorship revenues in the consolidated statements of revenues, expenses and changes in net position.

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6. CAPITAL ASSETS

In August 2015, the Foundation received an unrestricted contribution of approximately 9.32 acres of land containing six buildings totaling approximately 79,500 square feet located in Longwood, Florida. The property's fair value was estimated at \$4,100,000 at the time of the transfer of which \$1,855,878 was allocated to land and \$2,244,122 was allocated to buildings and improvements. In June 2021, the Foundation entered into a listing agreement with a real estate broker to facilitate the sale of the Longwood, Florida property. In July 2021, the Foundation received a letter of intent to purchase the property for a total price of \$3,100,000. Accordingly, management conducted an analysis for impairment resulting in a loss of \$429,078 recognized during the year ended June 30, 2021 to adjust the property to its estimated fair value (see Note 4).

In May 2008, the Foundation purchased 3.28 acres at the northern gateway to the College. Site development began on this property in fiscal year 2009 but has been dormant since then. In August 2014, the Foundation purchased an additional 1.5673 acres adjacent to the land purchased in 2008 for \$600,000. As of June 30, 2021, no future development plans for the land have been finalized.

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

	July 1, 2020	Increases	Decreases	Reclassifications	Impairment Loss	June 30, 2021
Capital assets not being depreciated						
Land	\$ 3,328,049	\$ -	\$ -	\$ (1,855,878)	\$ -	\$ 1,472,171
Capital assets being depreciated						
Buildings and improvements	2,244,122	-	-	(2,244,122)	-	-
Accumulated depreciation	(467,118)	(103,804)	-	570,922	-	-
Total capital assets being depreciated	1,777,004	(103,804)	-	(1,673,200)	-	-
Capital assets held for sale						
Land	-	-	-	1,855,878	-	1,855,878
Buildings and improvements	-	-	-	2,244,122	(429,078)	1,815,044
Accumulated depreciation	-	-	-	(570,922)	-	(570,922)
Total capital assets held for sale	-	-	-	3,529,078	(429,078)	3,100,000
Total capital assets, net	\$ 5,105,053	\$ (103,804)	\$ -	\$ -	\$ (429,078)	\$ 4,572,171

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

	July 1, 2019	Increases	Decreases	Reclassifications	Impairment Loss	June 30, 2020
Capital assets not being depreciated						
Land	\$ 3,328,049	\$ -	\$ -	\$ -	\$ -	\$ 3,328,049
Capital assets being depreciated						
Buildings and improvements	2,244,122	-	-	-	-	2,244,122
Accumulated depreciation	(363,314)	(103,804)	-	-	-	(467,118)
Total capital assets being depreciated	1,880,808	(103,804)	-	-	-	1,777,004
Total capital assets, net	\$ 5,208,857	\$ (103,804)	\$ -	\$ -	\$ -	\$ 5,105,053

For each of the years ended June 30, 2021 and 2020, depreciation expense totaled \$103,804.

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7. SIGNIFICANT CONCENTRATIONS

For the year ended June 30, 2021, the Foundation had no significant revenue concentrations.

For the year ended June 30, 2020, the Foundation received significant revenue from two sources. One restricted contribution consisted of 15% of total operating and nonoperating revenues, while in-kind revenues received from the College accounted for approximately 17% of total operating and nonoperating revenues.

8. ENDOWMENTS

The Foundation's endowment funds are donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

9. RESTRICTIONS ON NET POSITION

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the nonexpendable balance. In accordance with UPMIFA and absent any donor restrictions, these funds are then available for expenditure when appropriated for expenditure by the board.

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The following displays the total permanent endowment balance as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total endowment balance	\$ 17,530,290	\$ 13,947,043
Less: Appreciation portion deemed restricted expendable	<u>5,003,768</u>	<u>1,626,125</u>
Permanently restricted nonexpendable balance	<u>\$ 12,526,522</u>	<u>\$ 12,320,918</u>

Included in restricted expendable net assets is an accumulation of approximately \$1,156,000 and \$1,112,000 from the U.S. Department of Education from its Title III Program as of June 30, 2021 and 2020, respectively. The purpose of this grant is to establish or increase endowment challenge funds, provide additional incentives to promote fundraising activities, and to foster increased independence and sufficiency. The Foundation raised matching funds dollar for dollar from October 1, 2003, through September 30, 2008. The Foundation must also invest the Foundation contribution toward the match, the federal matching funds, and at least half of the investment income from it, for a period of 20 years from the start of the grant project date on October 1, 2008. Additionally, the Foundation maintains quasi-endowment funds which are managed in the same manner as the permanent endowment. As of June 30, 2021 and 2020, the quasi-endowment balance is approximately \$5,255,000 and \$4,318,000, respectively. These funds are deemed restricted expendable.

10. SPECIAL EVENTS

The Foundation holds two fundraising events every year, a Dream Gala and a Dream Cup Challenge Golf Tournament. Special event revenues are reported in the consolidated statements of revenues, expenses and changes in net position, net of related costs of approximately \$133,000 and \$124,000 for the years ended June 30, 2021 and 2020, respectively.

11. ASSESSMENT FEES

In order to support its operations, the Foundation assesses a revenue fee and an endowment fee. The revenue fee represents an assessment for fundraising, processing, administration, and management of monies received by the Foundation and generally totals 2% of donations and other contributions received or approximately \$46,000 and \$56,000 for the years ended June 30, 2021 and 2020, respectively.

The endowment fee represents an assessment for management and administration of endowed funds and is assessed on all endowments except for the Title III quasi-endowment. The endowment fee is assessed on a quarterly basis, is based on the fair market value of the fund, and generally totals an annual rate of 1.5% for all endowed funds (except for the Title III quasi-endowment or funds where the donor specifically designated a different allowable fee in the endowment agreement), resulting in fees of approximately \$269,000 and \$229,000 for the years ended June 30, 2021 and 2020, respectively. The fees for endowment funds are deducted from earnings of the fund and not from the corpus.

12. RELATED PARTY

In-Kind Contributions

The College paid salaries and benefits for Foundation staff in the amounts of approximately \$513,000 and \$617,000 for the years ended June 30, 2021 and 2020, respectively, and these have been recorded as in-kind support. The College also provides occupancy and rent support to the Foundation free of charge, which has an estimated fair value of approximately \$71,000 for each of the years ended June 30, 2021 and 2020, and has also been recorded as in-kind support.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Notes to Consolidated Financial Statements
June 30, 2021 and 2020**

13. CONTINGENCIES

The Foundation participates in state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Foundation. Liabilities from any such audits, if any, are recorded when the amounts of such liabilities become reasonably determinable.

Foundation

for SEMINOLE STATE COLLEGE

SUPPLEMENTARY INFORMATION

Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Schedule of Activities
Year Ended June 30, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 112,113	\$ 1,499,712	\$ 198,407	\$ 1,810,232
Sponsorship revenue	17,905	-	-	17,905
Other revenues	-	163,261	-	163,261
Special events, gross	392,965	-	-	392,965
Investment income	556,262	5,238,760	-	5,795,022
State grants	-	111,179	-	111,179
Revenues subtotal	<u>1,079,245</u>	<u>7,012,912</u>	<u>198,407</u>	<u>8,290,564</u>
Direct operating support – in-kind support – College	<u>583,814</u>	<u>-</u>	<u>-</u>	<u>583,814</u>
Total revenues, gains, and other support	1,663,059	7,012,912	198,407	8,874,378
Net assets released from restrictions due to satisfaction of purpose	2,947,096	(2,947,096)	-	-
Net assets reclassified due to donor restrictions	<u>(239,842)</u>	<u>182,645</u>	<u>57,197</u>	<u>-</u>
Total revenues, gains and other support, net	<u>4,370,313</u>	<u>4,248,461</u>	<u>255,604</u>	<u>8,874,378</u>
Expenses and losses				
Program services				
Personnel costs	130	-	-	130
Scholarships, facility costs, endowed teaching chairs	1,486,496	-	-	1,486,496
Contractual services	758,739	-	-	758,739
Materials and supplies	90,390	-	-	90,390
Other services and expenses	<u>47,082</u>	<u>-</u>	<u>-</u>	<u>47,082</u>
Total program services	<u>2,382,837</u>	<u>-</u>	<u>-</u>	<u>2,382,837</u>
Supporting services				
Personnel costs	69,928	-	-	69,928
Contractual services	264,371	-	-	264,371
Materials and supplies	94,077	-	-	94,077
Other services and expenses	193,622	-	-	193,622
Investment expense	<u>105,244</u>	<u>-</u>	<u>-</u>	<u>105,244</u>
Total supporting services	<u>727,242</u>	<u>-</u>	<u>-</u>	<u>727,242</u>
Impairment loss on held-for-sale assets	<u>429,078</u>	<u>-</u>	<u>-</u>	<u>429,078</u>
Expenses subtotal	3,539,157	-	-	3,539,157
Direct operating support – in-kind support – College	<u>583,814</u>	<u>-</u>	<u>-</u>	<u>583,814</u>
Total expenses	<u>4,122,971</u>	<u>-</u>	<u>-</u>	<u>4,122,971</u>
Increase in net position	247,342	4,248,461	255,604	4,751,407
Net position				
Beginning of year	<u>7,576,604</u>	<u>12,303,539</u>	<u>12,270,918</u>	<u>32,151,061</u>
End of year	<u>\$ 7,823,946</u>	<u>\$ 16,552,000</u>	<u>\$ 12,526,522</u>	<u>\$ 36,902,468</u>

Notes

1. This schedule is provided in accordance with the basis of accounting used by the Foundation in the preparation of the internal financial statements.
2. Unrestricted net position includes amounts invested in capital assets.

See Independent Auditor's Report.

**Foundation for Seminole State College of Florida, Inc. and Subsidiary
(A Component Unit of Seminole State College of Florida)
Consolidated Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021**

	Unrestricted	Restricted		Total
		Expendable	Nonexpendable Endowments	
Revenues				
Operating revenues				
Contributions	\$ 112,113	\$ 1,499,712	\$ -	\$ 1,611,825
Sponsorship revenue	17,905	-	-	17,905
Other revenues	-	163,261	-	163,261
Special events, net	259,852	-	-	259,852
Direct operating support – in-kind support – College	<u>583,814</u>	<u>-</u>	<u>-</u>	<u>583,814</u>
Total operating revenues	973,684	1,662,973	-	2,636,657
Net assets released from restrictions	2,554,860	(2,554,860)	-	-
Net assets reclassified due to donor restrictions	<u>(239,842)</u>	<u>182,645</u>	<u>57,197</u>	<u>-</u>
Total operating revenues and net assets released from restrictions and reclassified due to donor restrictions	<u>3,288,702</u>	<u>(709,242)</u>	<u>57,197</u>	<u>2,636,657</u>
Expenses				
Operating expenses				
Personnel services	582,996	-	-	582,996
Scholarships and program support	2,382,837	-	-	2,382,837
Contractual services	291,950	-	-	291,950
Fundraising	83	-	-	83
Materials and supplies	30,590	-	-	30,590
Other services and expenses	<u>167,081</u>	<u>-</u>	<u>-</u>	<u>167,081</u>
Total operating expenses	<u>3,455,537</u>	<u>-</u>	<u>-</u>	<u>3,455,537</u>
Operating income (loss)	<u>(166,835)</u>	<u>(709,242)</u>	<u>57,197</u>	<u>(818,880)</u>
Nonoperating revenues (expenses)				
Endowment contributions	-	-	198,407	198,407
State grants	-	111,179	-	111,179
Assessment fees	304,019	(304,019)	-	-
Realized and unrealized losses on investments, net	431,079	4,735,533	-	5,166,612
Interest and dividends	108,157	415,010	-	523,167
Impairment loss on held-for-sale assets	<u>(429,078)</u>	<u>-</u>	<u>-</u>	<u>(429,078)</u>
Total nonoperating revenues (expenses)	<u>414,177</u>	<u>4,957,703</u>	<u>198,407</u>	<u>5,570,287</u>
Increase in net position	247,342	4,248,461	255,604	4,751,407
Net position				
Beginning of year	<u>7,576,604</u>	<u>12,303,539</u>	<u>12,270,918</u>	<u>32,151,061</u>
End of year	<u>\$ 7,823,946</u>	<u>\$ 16,552,000</u>	<u>\$ 12,526,522</u>	<u>\$ 36,902,468</u>

Notes

1. This schedule is provided in accordance with the basis of accounting used by the Foundation in the preparation of the internal financial statements.
2. Unrestricted net position includes amounts invested in capital assets, net of related debt.

See Independent Auditor's Report.

Foundation

for SEMINOLE STATE COLLEGE

SUPPLEMENTARY FINANCIAL REPORT – COMPLIANCE SECTION

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Foundation for Seminole State College of Florida, Inc. and Subsidiary:

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 consolidated financial statements of the Foundation for Seminole State College of Florida, Inc. and Subsidiary (the "Foundation"), a component unit of Seminole State College of Florida (the "College"), as of and for the year ended June 30, 2021 and the related notes to the consolidated financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated August 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 Foundation's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting 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 consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 26, 2021

REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors,
Foundation for Seminole State College of Florida, Inc. and Subsidiary:

We have examined Foundation for Seminole State College of Florida, Inc. and Subsidiary's (the "Foundation") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021. Management is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Foundation complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about whether the Foundation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

The report is intended solely for the information and use of the Foundation and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than those specified parties.

WithumSmith+Brown, PC

August 26, 2021

MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors,
Foundation for Seminole State College of Florida, Inc. and Subsidiary:

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Foundation for Seminole State College of Florida, Inc. and Subsidiary (the "Foundation") as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated August 26, 2021.

Auditor's Responsibility

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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our independent auditor's report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and independent accountant's report on an examination conducted in accordance with AICPA professional standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated August 26, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with its previous audit, the Foundation was not provided any such recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to consolidated financial statements. The legal authority is disclosed in the notes to consolidated financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the Foundation has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify specific condition(s) met. In connection with our audit, we determined that the Foundation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5. b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Foundation. It is management's responsibility to monitor the Foundation's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)(2)., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we communicate noncompliance with provisions of contracts and grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements that are less than material, but which warrant the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

August 26, 2021