

**INDIAN RIVER STATE
COLLEGE FOUNDATION, INC.**

ANNUAL FINANCIAL REPORTS

March 31, 2021 and 2020

Indian River State College Foundation, Inc.

Annual Financial Reports

March 31, 2021 and 2020

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Indian River State College Foundation, Inc.
Fort Pierce, Florida

Report on the Financial Statements

We have audited the accompanying statement of financial position of Indian River State College Foundation, Inc. (the "Foundation"), a nonprofit organization, as of March 31, 2021 and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Fort Pierce / Stuart

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To the Board of Directors
Indian River State College Foundation, Inc.

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Foundation's March 31, 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Program Services and the Supplementary Schedule of River Hammock Operations Cash Changes are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

May 24, 2021

Indian River State College Foundation, Inc.
Statement of Financial Position
March 31, 2021
(With Comparative Totals at March 31, 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 22,560,133	\$ 4,618,901
Investments, market value	146,717,385	85,043,268
Other investments	6,278,086	7,890,024
Unconditional promises to give		
Restricted by time of receipt	12,526	2,005
Restricted for scholarships/programs/facilities	621,344	201,437
Restricted for endowments	55,415	7,425
Land, buildings and equipment, net	5,000,668	5,393,820
Other assets	224,789	230,349
Total Assets	\$ 181,470,346	\$ 103,387,229
Liabilities		
Accounts payable and accrued expenses	\$ 22,461	\$ 12,309
Current portion of long-term debt	233,201	229,218
Unconditional promises to give payable	2,239,017	1,991,423
Agency obligations payable	416,299	382,554
Unearned revenues	31,400	18,100
Deposits and other obligations	213,734	79,118
Split interest agreements payable	41,230	48,230
Long-term debt, net	4,396,993	4,630,195
Total Liabilities	7,594,335	7,391,147
Net Assets		
Without donor restrictions		
Designated	77,683,027	17,763,742
Undesignated	7,739,125	11,621,341
With donor restrictions	88,453,859	66,610,999
Total Net Assets	173,876,011	95,996,082
Total Liabilities and Net Assets	\$ 181,470,346	\$ 103,387,229

See accompanying notes to financial statements.

Indian River State College Foundation, Inc.
Statement of Activities
For the Year Ended March 31, 2021
(With Summarized Comparative Totals for the Year Ended March 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Support and Revenues				
Contributions, bequests and grants	\$ 45,739,403	\$ 3,712,123	\$ 49,451,526	\$ 3,056,648
Investment income	493,498	431,288	924,786	1,441,718
Rental income	873,738	-	873,738	1,282,207
Special events, net of expenses (\$18,908 and \$21,433)	32,042	-	32,042	41,477
Other	31,198	592,647	623,845	523,291
Gains on securities	17,962,436	22,200,441	40,162,877	-
Net assets released from restrictions	5,093,639	(5,093,639)	-	-
Total Support and Revenues	70,225,954	21,842,860	92,068,814	6,345,339
Expenses				
Program Services				
Scholarships	4,073,943	-	4,073,943	3,554,789
Facilities	808,777	-	808,777	949,845
Other	8,033,927	-	8,033,927	5,579,507
Total Program Services	12,916,647	-	12,916,647	10,084,141
Supporting Services				
General administrative	626,005	-	626,005	573,588
Fundraising	59,341	-	59,341	50,745
Total Supporting Services	685,346	-	685,346	624,333
Total Expenses	13,601,993	-	13,601,993	10,708,474
Losses				
Loss on sale of assets	586,892	-	586,892	216,364
Loss on securities	-	-	-	8,103,584
Total Losses	586,892	-	586,892	8,319,948
Total Expenses and Losses	14,188,885	-	14,188,885	19,028,422
Increase/(Decrease) in Net Assets	56,037,069	21,842,860	77,879,929	(12,683,083)
Net Assets, Beginning of the Year	29,385,083	66,610,999	95,996,082	108,679,165
Net Assets, End of the Year	\$ 85,422,152	\$ 88,453,859	\$ 173,876,011	\$ 95,996,082

See accompanying notes to financial statements.

Indian River State College Foundation, Inc.
STATEMENT OF CASH FLOWS
For The Years Ended March 31, 2021
(With Comparative Totals for the Year Ended March 31, 2020)

Cash Flows from Operating Activities	2021	2020
<i>Change in net assets</i>	\$ 77,879,929	\$ (12,683,083)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities</i>		
Depreciation	431,392	427,828
Amortization	1,060	1,060
Securities (gains)/losses	(40,162,877)	8,103,584
Loss on disposal of assets	586,892	216,364
Donated assets	(24,500)	(14,450)
Donated securities	(7,307)	(47,825)
<i>(Increase)/decrease in:</i>		
Receivables	(478,418)	22,342
Other investments	(2,547)	13,726
<i>Increase/(decrease) in:</i>		
Accounts payable	257,746	118,939
Agency obligations	33,745	8,103
Unearned revenues	13,300	(9,000)
Annuity obligations	(7,000)	4,570
Deposits and other	134,616	(158,580)
Net Cash Provided/(Used) by Operating Activities	38,656,031	(3,996,422)
Cash Flows from Investing Activities		
Purchases of investments	(58,604,535)	(48,028,266)
Proceeds from sales of investments	37,498,516	52,649,154
Proceeds from disposal of assets	634,179	25,943
Purchases of capital assets	(13,740)	(2,500)
Net Cash Provided/(Used) by Investing Activities	(20,485,580)	4,644,331
Cash Flows from Financing Activities		
Principal payments	(229,219)	(225,078)
Net Increase/(Decrease) in Cash	17,941,232	422,831
Cash Balance, Beginning of Year	4,618,901	4,196,070
Cash Balance, End of Year	\$ 22,560,133	\$ 4,618,901
Supplemental disclosures for Statement of Cash Flows:		
Interest expense	\$ 81,632	\$ 85,779
Donated securities	\$ 7,307	\$ 47,825

See accompanying notes to financial statements.

Indian River State College Foundation, Inc.
Statement of Functional Expenses
For the Year Ended March 31, 2021
(With Summarized Comparative Totals for the Year Ended March 31, 2020)

	Program Services			Total Program Services	Support Services		Total Support Services	Totals	
	Scholarships	Facilities	Other		General Administrative	Fundraising		2021	2020
Grants and other assistance to organizations/governments	\$ -	\$ -	\$ 8,033,927	\$ 8,033,927	\$ -	\$ -	\$ -	\$ 8,033,927	\$ 5,579,507
Grants and other assistance to individuals	4,073,943	-	-	4,073,943	-	-	-	4,073,943	3,554,789
Salaries and wages	-	116,491	-	116,491	403,235	-	403,235	519,726	470,662
Depreciation, depletion, and amortization	-	418,752	-	418,752	13,700	-	13,700	432,452	428,888
Interest	-	81,632	-	81,632	-	-	-	81,632	85,779
Utilities - River Hammock	-	73,508	-	73,508	-	-	-	73,508	89,222
Lease and license	-	-	-	-	61,810	-	61,810	61,810	61,810
Repairs - River Hammock	-	58,113	-	58,113	-	-	-	58,113	165,794
Public relations	-	-	-	-	-	54,416	54,416	54,416	36,635
Office expenses	-	10,864	-	10,864	41,303	-	41,303	52,167	54,442
Lobbying expense	-	-	-	-	50,000	-	50,000	50,000	17,500
Insurance	-	19,593	-	19,593	10,383	-	10,383	29,976	29,894
Accounting	-	-	-	-	28,285	-	28,285	28,285	28,750
Telephone/Cable - River Hammock	-	20,140	-	20,140	-	-	-	20,140	60,290
Dues	-	-	-	-	10,765	-	10,765	10,765	750
Pest control	-	5,904	-	5,904	-	-	-	5,904	5,904
Vending expenses	-	-	-	-	-	4,164	4,164	4,164	5,804
Property taxes	-	-	-	-	2,913	-	2,913	2,913	6,457
Repairs - Prima Vista	-	2,400	-	2,400	-	-	-	2,400	2,400
Meetings	-	-	-	-	1,936	-	1,936	1,936	504
Other expenses	-	-	-	-	1,446	-	1,446	1,446	7,777
Supplies - River Hammock	-	1,200	-	1,200	-	-	-	1,200	-
Travel	-	-	-	-	-	761	761	761	8,306
Professional development	-	-	-	-	229	-	229	229	945
Repairs - IRA	-	180	-	180	-	-	-	180	455
Repairs and maintenance	-	-	-	-	-	-	-	-	5,210
Totals	\$ 4,073,943	\$ 808,777	\$ 8,033,927	\$ 12,916,647	\$ 626,005	\$ 59,341	\$ 685,346	\$ 13,601,993	\$ 10,708,474

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Indian River State College Foundation, Inc. (the “Foundation”) is a nonprofit corporation organized and operated for the benefit of Indian River State College (the “College”), which is a unit of the State of Florida, located in Fort Pierce, Florida. The Foundation functions as a direct-support organization of the College and is a component unit (for accounting purposes only) of the College. The Foundation provides support for certain instructional programs at the College, provides equipment grants and facilities for use by the College and its students, and provides scholarships for students.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

Facilities and Services

During the year, the value of office facilities was contributed to the Foundation by the College and recorded as a revenue and expense. The in-kind donation met the requirements for recognition in the financial statements and the value has been included as a contribution. The College also furnished certain personnel services which did not meet the requirements for recognition in the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting, demand deposits, certificates of deposits and money market accounts with an original maturity of three months or less are considered cash equivalents.

Investments

Investments are stated at fair value in the Statement of Financial Position. Unrealized and realized gains and losses are reflected in the Statement of Activities.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date as required by the Fair Value measurements and Disclosures Topic of the Accounting Standards Codification (ASC) – ASC 820 of the Financial Standards Accounting Board (FASB). ASC 820 establishes a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of the asset or liability as of the measurement date. ASC 820 expands disclosures about instruments measured at fair value and applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, it does not require any new fair value measurements.

As noted above, ASC 820 establishes a three-level valuation hierarchy for the disclosure fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measures in the Foundation's financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of short-term investments.
- Recurring measurement of endowment investments.
- Nonrecurring measurement of assets held for resale.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

- Cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued liabilities, and promises to give receivable and payable have a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these instruments.

The fair value for investments and other financial instruments recorded at fair value on a recurring basis and assets held for resale recorded at fair value on a nonrecurring basis are included in Note D.

Property and Equipment

Property and equipment are carried at cost or estimated fair value as of the date of donation. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment valued over \$1,000, with an estimated useful life exceeding one year, are depreciated using the straight-line method.

Artwork and Other Items

Major non-cash contributions of inexhaustible items or items held for future use or disposition for which a market value is determinable are capitalized at market value on the date of the donation and are included with artwork and other items in the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Statement Presentation

The financial statements are presented following the requirements of ASC 958 *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the previous year ended from which such information was derived.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

Income Taxes

Indian River State College Foundation, Inc. is exempt from federal income taxes, under the provisions of the Internal Revenue Code 501(c)(3) and is not considered a private foundation. The tax periods open to examination include the fiscal years ended March 31, 2018, 2019 and 2020. No uncertain tax positions within the scope of ASC 740 *Accounting for Uncertainty in Income Taxes*, existed as of March 31, 2021.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in bank and short term investments less than 90 days. Money market funds included in restricted or pooled investment accounts which are not included in cash and cash equivalents.

Cash as reported on the Statement of Financial Position, includes the following:

Checking	\$ 330,350
Money market	1,540,858
Petty cash	200
Cash equivalents - less than 90 days	<u>20,688,725</u>
Total Cash	<u>\$ 22,560,133</u>

As of March 31, 2021, the Foundation had deposits at various financial institutions with a carrying value of \$22,559,933, of which \$21,809,933 was not insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

NOTE C – INVESTMENTS

Investments are presented in the financial statements at fair market value.

Investments – marketable securities consist of the following at March 31, 2021:

	<u>Cost</u>	<u>Market</u>	<u>Gain (Loss)</u>
Fixed income investments	\$ 20,574,708	\$ 20,238,119	\$ (336,589)
Equities	<u>84,352,007</u>	<u>126,479,266</u>	<u>42,127,259</u>
Investments in Marketable Securities	<u>\$ 104,926,715</u>	<u>\$ 146,717,385</u>	<u>\$ 41,790,670</u>

Investment income of \$924,786 on the Statement of Activities is net of investment fees paid of \$389,802 for the year ended March 31, 2021.

Investments – marketable securities consisted of the following at March 31, 2020:

	<u>Cost</u>	<u>Market</u>	<u>Gain (Loss)</u>
Fixed income investments	\$ 8,178,619	\$ 8,188,381	\$ 9,762
Equities	<u>63,004,220</u>	<u>76,854,887</u>	<u>13,850,667</u>
Investments in Marketable Securities	<u>\$ 71,182,839</u>	<u>\$ 85,043,268</u>	<u>\$ 13,860,429</u>

Investment income of \$1,441,718 for the year ended March 31, 2020 is net of investment fees paid of \$346,220 for the year ended March 31, 2020.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE D – FAIR VALUE MEASUREMENTS

The Foundation reports its fair value measurements using a three level hierarchy that prioritizes inputs used to measure fair value. Assets measured at fair value on a recurring and nonrecurring basis were determined to be:

Description	March 31, 2021 Level 1	March 31, 2020 Level 1
Fixed income investments	\$ 20,238,119	\$ 8,188,381
Equities	126,479,266	76,854,887
Total	\$ 146,717,385	\$ 85,043,268

The Foundation does not hold significant assets recorded at fair value using other unobservable inputs (Level 3) for the years ended March 31, 2021 or 2020. Other assets held and used are recorded at cost less applicable depreciation, which approximates fair value. The fair value of long-term debt is determined by market transactions and other market information for similar liabilities.

NOTE E – PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

	March 31, 2021	March 31, 2020
Land	\$ 251,407	\$ 251,407
Buildings and improvements	9,624,512	9,624,512
Furniture and equipment	612,849	595,209
	10,488,768	10,471,128
Less accumulated depreciation	(5,488,100)	(5,077,308)
Property and Equipment (Net)	\$ 5,000,668	\$ 5,393,820

Depreciation amounted to \$431,392 and \$427,828 for the years ended March 31, 2021 and March 31, 2020, respectively.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE F – PROMISES TO GIVE

The amount of contributions receivable consists of the following for the years ended:

	March 31, 2021	March 31, 2020
Pledges receivable	<u>\$ 689,285</u>	<u>\$ 210,867</u>

Promises to give are due as follows:

	March 31, 2021	March 31, 2020
Due within one year	\$ 244,838	\$ 54,617
Due in one to five years	410,697	-
Due after five years	33,750	156,250
Total	<u>\$ 689,285</u>	<u>\$ 210,867</u>

NOTE G – OTHER INVESTMENTS

As of March 31, 2021, other investments consist of an investment in Florida Prepaid Tuition vouchers carried at \$5,346,757, cancelled vouchers carried at \$782,281 and \$149,048 cash value of donated life insurance policies. The investment in Florida Prepaid Tuition vouchers was \$6,193,955, cancelled vouchers was \$1,549,568 and life insurance policies were \$146,501 at March 31, 2020.

NOTE H – LONG TERM DEBT

Promissory note to bank, secured by all income related to student housing, with \$25,932 monthly payments beginning January 1, 2015, including interest at 1.7% per annum, maturing April 1, 2038. \$ 4,630,194

Maturities of the long-term debt are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 233,201
2023	237,252
2024	241,188
2025	245,564
2026	249,830
Thereafter	3,423,159
Total	<u>\$ 4,630,194</u>

Total interest expense incurred on long term debt amounted to \$81,632 and \$85,779 for the years ended March 31, 2021 and March 31, 2020, respectively.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE I – COMMITMENTS

In March 1994, the Foundation entered into a 99-year lease agreement with Indian River State College for 2.5 acres of land located at the main college campus. Rent for the entire term of the lease was \$99.

The Foundation has given conditional promises to pay scholarships under the Take Stock in Children program to certain children, conditioned upon their maintaining certain standards until they graduate from high school. Florida Prepaid Tuition Vouchers have been purchased to fulfill this commitment. Scholarship expense is recognized when the students have met the conditions of the award and the tuition vouchers are transferred to their name.

Unconditional promises to give payables are generally due within a one-year period and consist of scholarships awarded and grants to Indian River State College for programs, equipment and facilities.

NOTE J – SPLIT INTEREST AGREEMENTS

The Foundation is the remainder beneficiary of one charitable remainder trust. The Foundation serves as the trustee of the trust. The assets of the trust are included in the investments as marketable securities at a fair value of \$81,742.

The Foundation is also the benefactor of charitable gift annuities that four different individuals established. The recorded estimated present value of the annuity benefits to be paid is a liability in the amount of \$41,230.

The estimated present values have been computed using discount rates of 2-5.8% and actuarial assumptions are based on life expectancy using IRS tables. Changes in the value of the split interest agreements during the year are included in net assets with donor restrictions, \$(6,999).

NOTE K – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2021 are:

Cash	\$ 22,560,133
Investments	152,995,471
Promises to give, net	689,285
Less: amounts with donor restrictions	(88,453,859)
Less: Board designated amounts	<u>(77,683,027)</u>
Total financial assets available for general expenditure	<u>\$ 10,108,003</u>

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE L – RELEASE OF RESTRICTIONS

Net assets were released from donor or grant restrictions by incurring expenses satisfying the restricted purpose by donors or grantees as follows:

Purpose Restriction	
Scholarships	\$ 5,093,410
Professional development	<u>229</u>
Total	<u>\$ 5,093,639</u>

NOTE M – DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has designated net assets without donor restrictions to provide reserves for charitable gift annuities and for property and equipment repairs and replacements, capital campaigns and for the Baccalaureate programs in the amounts of \$77,683,027 as of March 31, 2021 and \$17,763,742 as of March 31, 2020.

NOTE N – NET ASSETS WITH DONOR RESTRICTIONS

Restrictions on assets result from contributions, grants or bequests that have been restricted by the donors. Some restricted net assets result from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Net assets with donor restrictions at year-end consisted of the following:

	2021	2020
Purpose Restriction		
Donor Restricted - Scholarships/Programs	\$ 53,800,163	\$ 32,033,713
Endowments - Scholarships/Programs	28,526,945	28,005,744
Passage of time	<u>6,126,751</u>	<u>6,571,542</u>
Total	<u>\$ 88,453,859</u>	<u>\$ 66,610,999</u>

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE O – ENDOWMENTS

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit foundation that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The State of Florida enacted UPMIFA, effective July 1, 2012 and it applied to this organization beginning in the 2012/2013 fiscal year.

Beginning the year ended March 31, 2013 the Foundation followed the Florida Uniform Management of Institutional Funds Act (FUMIFA). FUMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. The Foundation adopted the provisions of UPMIFA during the fiscal year ended March 31, 2013, in accordance with the requirements of the State of Florida and the recommendations of FASB ASC 958-205.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to functions supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investing policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on investments to achieve its long-term return objectives within prudent risk parameters. The spending policy establishes prudent objectives for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment.

In making its decisions, the Foundation uses reasonable care, skill, and caution in considering the purposes of the Foundation, the intent of the donors of the endowment, the terms of applicable instruments, the long-term and short-term needs of the Foundation in carrying out its purposes, the general economic conditions, the possible effect of inflation or deflation, or other resources of the Foundation, and perpetuation of the endowment.

The activity of endowment funds for the year ended March 31, 2021 was as follows:

Balance April 1, 2020	\$ 28,005,744
Transfer In – Split Interest/other Contributions	23,365
	<u>497,836</u>
Balance March 31, 2021	<u>\$ 28,526,945</u>

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE P – DONOR ADVISORY FUNDS

The Foundation is the administrator of three donor advisory funds that were created for the purpose of managing charitable donations on behalf of the donors.

The activity in these donor advisory funds were as follows:

	<u>Basil L. King</u>	<u>Adrian M. Sample</u>	<u>Philip Banks</u>
Beginning Balance	<u>\$ 144,139</u>	<u>\$ 405,174</u>	<u>\$ 432,677</u>
REVENUES			
Contributions	207,140	172,835	60,000
Investment earnings	-	-	177,199
Other revenues	31,709	4,430	-
Dormant scholarships	<u>37,110</u>	<u>6,563</u>	<u>19,847</u>
Total Revenues	<u>275,959</u>	<u>183,828</u>	<u>257,046</u>
EXPENSES			
Scholarships	327,179	175,329	60,000
Other expenses	323	-	-
Administrative costs	<u>1,139</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>328,641</u>	<u>175,329</u>	<u>60,000</u>
Ending Balance	<u>\$ 91,457</u>	<u>\$ 413,673</u>	<u>\$ 629,723</u>

NOTE Q – SUBSEQUENT EVENTS

The Foundation has assessed subsequent events from April 1, 2021 through May 24, 2021, which is the date the financial statements were released.

Indian River State College Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE R – COVID-19

On January 30, 2020, The World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus, and actions taken to mitigate it, are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Foundation. With the COVID vaccine being available and the other precautions made by the public, it seems the pandemic is being mitigated at this time, May 24, 2021.

SUPPLEMENTAL INFORMATION

Indian River State College Foundation, Inc.
SUPPLEMENTARY SCHEDULE OF PROGRAM SERVICE EXPENSES
For the Years Ended March 31, 2021 and 2020

	2021	2020
Scholarships:		
Students attending IRSC	\$ 3,579,443	\$ 3,068,789
Students attending IRSC in the Baccalaureate program	350,000	355,000
IRSC graduates transferring to four year colleges	144,500	131,000
Total Scholarships	4,073,943	3,554,789
Facilities:		
River Hammock, Indian River Academy, Prima Vista Site	808,777	949,845
Other		
Equipment grants	7,237,630	4,676,292
Teaching chairs	53,661	76,824
Take Stock in Children program management	239,999	261,632
Other	502,637	564,759
Total Other	8,033,927	5,579,507
Total Program Service Expenses	12,916,647	10,084,141
Total Supporting Service Expenses	685,346	624,333
Total Expenses	\$ 13,601,993	\$ 10,708,474

Indian River State College Foundation, Inc
SUPPLEMENTARY SCHEDULE OF
RIVER HAMMOCK OPERATIONS CASH CHANGES
For the Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Rental income	\$ 800,354	\$ 1,163,752
Interest and dividends	24,461	36,953
Other income	4,710	7,007
Security gains/(losses)	<u>909,328</u>	<u>(197,416)</u>
 Total Revenue	 <u>1,738,853</u>	 <u>1,010,296</u>
 Depreciation and amortization	 400,912	 401,172
Insurance	11,652	11,795
Interest expense	81,632	85,779
Payroll reimbursement	116,491	94,150
Office expense	10,864	7,006
Repairs	59,313	165,794
Pest control	5,904	5,904
Telephone/cable	20,140	60,290
Utilities	<u>73,508</u>	<u>89,222</u>
 Total Expenses	 <u>780,416</u>	 <u>921,112</u>
 Excess Revenues/Expenses	 958,437	 89,184
 Add:		
Depreciation and amortization	400,912	401,172
Less:		
Note principal payments	<u>229,219</u>	<u>225,078</u>
 Positive (Negative) Cash Flow	 <u>\$ 1,130,130</u>	 <u>\$ 265,278</u>



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INDEPENDENT AUDITOR'S 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

Indian River State College Foundation, Inc.
Fort Pierce, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Indian River State College Foundation, Inc. (the "Foundation") as of and for the year ended March 31, 2021 and have issued our report thereon dated May 24, 2021.

Internal Control over Financial Reporting

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

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

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


Indian River State College Foundation, Inc.
Fort Pierce, Florida

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants, PL
Fort Pierce, Florida

May 24, 2021