

North Florida College Foundation, Inc.

FINANCIAL STATEMENTS

March 31, 2021



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North Florida College Foundation, Inc.
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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Florida College Foundation, Inc.
Madison, Florida

We have audited the accompanying financial statements of North Florida College Foundation, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of North Florida College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Florida College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Florida College Foundation, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
August 16, 2021



FINANCIAL STATEMENTS

North Florida College Foundation, Inc.
Statement of Financial Position

<i>March 31,</i>	2021
Assets	
Current assets	
Cash and cash equivalents	\$ 806,300
Interest receivable	8,304
Total current assets	814,604
Non-current assets	
Investments	4,436,909
Prepaid tuition plans	559,986
Total non-current assets	4,996,895
Total assets	\$ 5,811,499
Liabilities	
Scholarships payable	\$ 65,615
Total current liabilities	65,615
Total liabilities	65,615
Net Assets	
Without donor restriction	443,557
With donor restriction	5,302,327
Total net assets	5,745,884
Total liabilities and net assets	\$ 5,811,499

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

North Florida College Foundation, Inc.
Statement of Activities

<i>For the year ended March 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 86,588	\$ 36,146	\$ 122,734
Other support	109,295	-	109,295
Interest and dividends	45,819	42,443	88,262
Special events	174	-	174
Net assets released from donor restrictions	317,411	(317,411)	-
Total revenue and support	559,287	(238,822)	320,465
Expenses			
Program services			
Scholarships	214,017	-	214,017
Other	99,521	-	99,521
Supporting services			
General and administrative	151,477	-	151,477
Total expenses	465,015	-	465,015
Change in net assets before gain (loss) on investments	94,272	(238,822)	(144,550)
Gain (loss) on investments	101,476	1,176,907	1,278,383
Change in net assets	195,748	938,085	1,133,833
Net assets at beginning of year	247,809	3,804,256	4,052,065
Prior period adjustment			
Addition of Florida Prepaid Tuition Plans	-	559,986	559,986
Net assets at beginning of year, as restated	247,809	4,364,242	4,612,051
Net assets at end of year	\$ 443,557	\$ 5,302,327	\$ 5,745,884

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

North Florida College Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended March 31, 2021</i>	Program Services		Supporting Services		Total
	Scholarships	Other	General and Administrative		
Scholarships and awards	\$ 214,017	\$ -	\$ -	\$ -	\$ 214,017
Personnel services	-	-	97,295	-	97,295
Donation to NFCC	-	86,761	-	-	86,761
Professional fees	-	-	19,081	-	19,081
Legislative services	-	-	15,000	-	15,000
Facilities	-	-	12,000	-	12,000
Office Expense	-	-	1,695	-	1,695
Meals and Entertainment	-	-	1,537	-	1,537
Advertising	-	-	1,500	-	1,500
Miscellaneous	-	12,760	1,377	-	1,377
Postage	-	-	1,035	-	1,035
Insurance	-	-	768	-	768
Bank fees	-	-	154	-	154
Bank Charges	-	-	35	-	35
Total expenses	\$ 214,017	\$ 99,521	\$ 151,477	\$ -	\$ 465,015

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

North Florida College Foundation, Inc.
Statement of Cash Flows

<i>For the year ended March 31,</i>	2021
<hr/>	
Operating activities	
Change in net assets	\$ 1,133,833
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities	
Unrealized and realized (gain) loss on investments	(1,278,383)
Changes in operating assets and liabilities	
Promises to give	50,915
Prepaid tuition plans	559,986
Scholarships payable	65,615
<hr/>	
Net cash provided by (used in) operating activities	531,966
<hr/>	
Investing activities	
Purchase of investments	(1,318,341)
Proceeds from sale of investments	1,171,095
<hr/>	
Net cash provided by (used in) investing activities	(147,246)
<hr/>	
Net change in cash and cash equivalents	384,720
Cash and cash equivalents, beginning of year	421,580
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Cash and cash equivalents, end of year	\$ 806,300
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The accompanying notes are an integral part of these financial statements.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS

The North Florida College Foundation, Inc. (the Foundation) was established November 4, 1966. The Foundation is a not-for-profit organization which is associated with North Florida College in Madison, Florida. The purpose of the Foundation is to provide direct financial support for the students and programs of North Florida College.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with a maturity when acquired of 90 days or less.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At March 31, 2021, the Foundation had no outstanding promises to give.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time-period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments in real estate partnership are recorded at fair market value, which has been determined by an independent appraiser by reference to market transactions for similar properties. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from 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 are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

Other Assets

The Foundation owns Florida Prepaid Tuition plans for future use by its scholarship participants. The plans are held by the Florida Prepaid College Board and recorded as an other asset at its cancellation value. The plans are considered non-current assets and expensed when utilized by the scholarship recipient.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions as the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services.

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended March 31, 2021, advertising costs totaled \$1,500.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from Federal and State income tax under section 501(c)(3) of the Internal Revenue Code.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2021, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 16, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact of the guidance on its financial statements.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY

The Foundation maintains its financial assets primarily in cash, cash equivalents, and investments to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>March 31,</i>	2021
Financial assets, at year-end	\$ 5,811,499
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	5,302,327
Financial assets available to meet cash needs for general expenditures within one year	\$ 509,172

Note 4: INVESTMENTS

Investments consist of the following:

<i>March 31, 2021</i>	Cost	Market Value
Stocks and ETFs	\$ 2,295,937	\$ 3,254,711
Corporate bonds	432,262	454,845
Taxable municipal bonds	197,962	210,691
Government bonds	199,351	206,013
Government backed/CMO securities	176,808	175,646
Real estate partnership	50,000	81,350
Certificates of deposit	50,036	53,654
Total investments	\$ 3,402,356	\$ 4,436,909

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 5: FLORIDA PREPAID TUITION PLANS

Florida Prepaid Tuition plans consist of the following:

<i>March 31,</i>	2021
Funds held for scholarship purchase	\$ 103,125
Active Florida Prepaid College Plans	456,861
Total Florida Prepaid College plans	\$ 559,986

Note 6: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>March 31,</i>	2021
Net assets with donor restrictions	
Time or purpose restricted	\$ 1,232,808
Endowments	4,069,519
Total net assets with donor restrictions	\$ 5,302,327

Note 7: REVENUE

The Foundation's revenue is generated primarily through earnings on its investments and private contributions. No contracts have been identified that would represent any performance obligations to be satisfied. No contract balances have been identified for the year ended March 31, 2021.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 8: ENDOWMENTS

The Foundation's endowment consists of thirty-two permanently restricted individual funds established for a variety of purposes included as a component of investments on the Statement of Financial Position. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is governed by Florida Statute Chapter 617.2104 - Florida Uniform Prudent Management of Institutional Funds Act. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the State of Florida during the 2011 legislative session and had an effective date of July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Board of Directors. Florida Statutes do not require preservation of the fair value of the original gift, but rather specifically state that spending may include investment appreciation as well as principal.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return which, at a minimum, approximate standard benchmarks. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Foundation's Board of Directors adopted a spending policy for endowed scholarship accounts. Dividends and interest are posted to the scholarship accounts and made available for spending. The Foundation's policies state that earnings on endowed funds will be spent at a rate not greater than 5% per year with any unused portion being returned to the fund. Each named endowment is maintained as a separate account and receives a pro-rata share of investment earnings. These earnings are professionally managed through an investment firm chosen by the Investment Committee of the Board of Directors and approved by the Board of Directors. Earnings are paid out annually for scholarships with any unused portion being returned to the fund to help ensure continued growth.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 8: ENDOWMENTS (Continued)

Activity for endowment assets during the year is as follows:

Endowment at April 1, 2020	\$	3,002,113
Change in investment value		1,201,514
Contributions and special events		500
Endowment at March 31, 2021	\$	4,069,519

Note 9: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

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: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 9: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021.

Common stocks and ETF's: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities (corporate bonds, government bonds, government backed/CMO securities, taxable municipal bonds, and certificates of deposit): Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Real estate partnership: Valued using external pricing sources of comparable real estate assets at least annually.

Assets measured at fair value on a recurring basis are as follows:

<i>March 31, 2021</i>	Level 1	Level 2	Level 3	Total
Stocks and ETFS	\$ 3,254,711	\$ -	\$ -	\$ 3,254,711
Corporate bonds	-	454,845	-	454,845
Government bonds	-	206,013	-	206,013
Govt backed/CMO securities	-	175,646	-	175,646
Taxable municipal bonds	-	210,691	-	210,691
Certificates of deposit	-	53,654	-	53,654
Investment in real estate partnership	-	-	81,350	81,350
Total investments at fair value	\$ 3,254,711	\$ 1,100,849	\$ 81,350	\$ 4,436,909

Following is a reconciliation of activity for the assets measured at fair value based on significant unobservable (non-market) information:

<i>For the year ended March 31, 2021</i>	Investment in Real Estate Partnership
Balance, beginning of year	\$ -
Realized and unrealized gains (losses) in profit or loss	31,350
Transfers into Level 3	50,000
Balance, end of year	\$ 81,350

For investments in real estate partnership, fair value is estimated based on an independent appraiser's value of the investment. Significant changes within the real estate market would result in a lower or higher fair value measurement.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 10: CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents

The Foundation maintains cash balances in two banking institutions. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2021, the Foundation had no uninsured bank balances. The Foundation also maintains cash equivalents in its investment portfolio, which is not insured by FDIC, which totaled \$727,758 for the year ended March 31, 2021.

Investment Earnings

The Foundation's operations are funded primarily through proceeds from investments. The value of the Foundation's investments are subject to volatility in the stock market. Operations could be negatively impacted by significant declines in the stock market or changes in interest rates.

Note 11: COMMITMENTS

The Foundation has given conditional promises to pay scholarships under the Tack Stock in Children program to certain children, conditioned upon their maintaining certain standards until they graduate from high school. Florida Prepaid Tuition plans 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 North Florida College for programs, equipment, and facilities.

Note 12: RELATED PARTY TRANSACTIONS

The North Florida College provides support to the Foundation in the form of contributed personnel and occupancy costs. For the year ended March 31, 2021, the recorded value of contributed services was \$97,295 and the value of contributed space was \$12,000.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 13: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the Foundation's fair value of investments has declined similarly. Such declines in the fair value of investments held by the Foundation may materially and adversely impact the Foundation's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

Note 14: PRIOR-PERIOD ADJUSTMENT

Net assets at the beginning of fiscal 2021 has been adjusted to correct an error related to the recording of Prepaid College Tuition plans. In previous years, the Foundation expensed the plans when purchased. During fiscal 2021, management discovered that the Foundation retained ownership of the plans until used by the scholarship recipient. As such, the Foundation reclassified \$559,986 from net assets to an other asset entitled Prepaid College Tuition plans on the Statement of Financial Position. The amount recorded as an other asset represents the cancellation amount of the plans held by the Florida Prepaid College Board on the Foundation's behalf.



COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
North Florida College Foundation, Inc.
Madison, 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 North Florida College Foundation, Inc. (the Foundation), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated August 16, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be 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. This communication is intended solely for the information and use of management, and the Board of Directors, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Florida College Foundation, Inc.'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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
August 16, 2021



REQUIRED COMMUNICATIONS

Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for North Florida College Foundation, Inc. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on North Florida College Foundation, Inc.'s financial statements for the year ended March 31, 2021;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of North Florida College Foundation, Inc. for the year ended March 31, 2021, and have issued our report thereon dated August 16, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Generally Accepted Auditing Standards and Government Auditing Standards</p>	<p>As stated in our engagement letter dated May 22, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of North Florida College Foundation, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Foundation and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles.</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the Foundation's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Foundation in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>See Note 2 of the notes to the financial statements and the section entitled "Accounting Policies, Judgements and Sensitive Estimates, and CRI Comments on Quality."</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant difficulties encountered in the audit</p> <p><i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p>Disagreements with management</p> <p><i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	None.
<p>Other findings or issues</p> <p><i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None.
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</p> <p><i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	Please see the following section titled "Internal Control Findings."
<p>Corrected and uncorrected misstatements</p> <p><i>All significant audit adjustments arising from the audit, whether or not recorded by the Foundation, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Major issues discussed with management prior to retention</p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p>Consultations with other accountants</p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None of which we are aware.
<p>Written representations</p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p>Internal control deficiencies</p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	Please see the following section titled "Internal Control Findings."
<p>Fraud and illegal acts</p> <p><i>Fraud involving senior management, the Foundation Executive Director or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p>Other information in documents containing audited financial statements</p> <p><i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Foundation's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Investments	The Foundation follows the provisions of ASC 820, Fair Value Measurements and Disclosures, when reporting investments.	X	The Foundation relies on valuations from its brokers for asset values. The allocation between levels 1-3 under ASC 820 is based on a detailed management review of the underlying investments.	The Foundation's policies are in accordance with all applicable accounting guidelines.
Expenses	The Foundation allocates expenses between program and supporting services as required by the AICPA Audit & Accounting Guide for Not-for-Profit Entities.	X	The Foundation reports expenses based on its functional classification. The allocation of indirect expenses between program and supporting services is based on management's estimate of the level of effort by each program's employees.	The Foundation's policies appear to be in accordance with all applicable accounting guidelines.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by North Florida College Foundation, Inc. and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Foundation or passed (uncorrected).

See attached schedule which includes proposed adjustments to convert the Foundation's financial statements from cash-basis to accrual-basis in accordance with U.S. GAAP.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Foundation's operating environment that has been identified as playing a significant role in the Foundation's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments (Continued)

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reclass cash equivalents from investments to cash			
4110-000	AMB Investment Holdings Reclassed to Cash	483,376.00	
4351-000	Common Stock-Portfolio/Mrkt Vlu		483,376.00
Total		<u>483,376.00</u>	<u>483,376.00</u>
Adjusting Journal Entries JE # 2			
To record interest receivable per AMB year-end statement			
4201-000	Accounts Receivable	8,304.00	
7333-000	Transferring Account	8,304.00	
6199-000	Permanently Restricted Adjusting Account		8,304.00
7104-000	Interest Earned		8,304.00
Total		<u>16,608.00</u>	<u>16,608.00</u>
Adjusting Journal Entries JE # 3			
To agree interest earned to AMB statements			
7104-000	Interest Earned	1,737.00	
7333-000	Transferring Account		1,737.00
Total		<u>1,737.00</u>	<u>1,737.00</u>
Adjusting Journal Entries JE # 4			
To record unrealized gain on realty investment.			
4352-004	Gain on Madison Fund	31,350.00	
6999-000	Unrestricted Net Assets Adjusting Account		31,350.00
Total		<u>31,350.00</u>	<u>31,350.00</u>
Adjusting Journal Entries JE # 5			
Ireland contribution recorded as promise to give in the prior year.			
7101-000	Corporate Contributions	50,000.00	
7333-000	Transferring Account		50,000.00
Total		<u>50,000.00</u>	<u>50,000.00</u>
Adjusting Journal Entries JE # 6			
To record In-Kind contributions from NFC			
7334-000	Salaries (Paid by College)	97,295.00	
7335-000	Rent (Facilities provided by College)	12,000.00	
7108-000	Contributions In Kind		109,295.00
Total		<u>109,295.00</u>	<u>109,295.00</u>
Adjusting Journal Entries JE # 7			
To remove immaterial difference in net assets.			
7320-000	Other Expense	820.00	
7333-000	Transferring Account	298.00	
6399-002	Temporarily Restricted Net Assets Adjusting Acct		298.00
7333-000	Transferring Account		820.00
Total		<u>1,118.00</u>	<u>1,118.00</u>

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COLLEGE
Foundation, Inc.

August 16, 2021

Carr, Riggs & Ingram, LLC
2633 Centennial Blvd. STE 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of North Florida College Foundation, Inc., which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 16, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 22, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) We acknowledge the following changes to the terms within the engagement letter dated May 22, 2019:

Page 2 – Audit Procedures – General

- a) Delete – “Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.”
 - b) Replace with – “Because the determination of waste and abuse is subjective, Government Auditing Standards do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.”
- 3) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

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NORTH FLORIDA COLLEGE FOUNDATION, INC.

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- 4) We acknowledge our responsibility for 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.
- 5) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 8) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Foundation's accounts.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 12) Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 13) In regard to the financial statement preparation services, tax preparation services, and Form 1096/1099 preparation services performed by you, we have—
 - a) Assumed all management responsibilities.
 - b) Designated Judy Lundell, Financial Resource Director, who has suitable skill, knowledge, and experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.

Information Provided

- 14) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.

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Foundation, Inc.

- c) Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 20) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 21) We have disclosed to you the names of all of the Foundation's related parties and all the related-party relationships and transactions, including any side agreements.
- 22) The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.



24) North Florida College Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature:

Judith Lindell

Title:

Director

Signature:

Mich. Foyet

Title:

Chief Business Officer, NFC



**INTERNAL CONTROL
RECOMMENDATIONS**

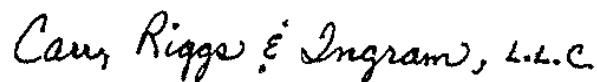
The Board of Directors and Management of
North Florida College Foundation, Inc.

In planning and performing our audit of the financial statements of the North Florida College Foundation, Inc. as of and for the year ended March 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered North Florida 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 North Florida College Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Florida College Foundation, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be 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.

This communication is intended solely for the information and use of management, Board of Directors, others within North Florida College Foundation, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
August 16, 2021