

POLK STATE COLLEGE FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

**POLK STATE COLLEGE FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Polk State College Foundation, Inc.
Winter Haven, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Polk State College Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polk State College Foundation, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Polk State College Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Polk State College Foundation, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Polk State College Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Polk State College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Polk State College Foundation, Inc.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing* Polk State 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 result of that testing, and not to provide an opinion on the effectiveness of the Polk State 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 the Polk State College Foundation, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
June 14, 2022

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,951,841	\$ 2,501,499
Current Portion of Unconditional Promises to Give, Net	15,327	16,525
Current Portion of Beneficial Interests in Trusts	30,166	10,750
Current Portion of Notes Receivable, Net	14,794	58,099
Other Receivable	24,480	-
Other Current Assets	27,496	17,313
Total Current Assets	3,064,104	2,604,186
OTHER ASSETS		
Unconditional Promises to Give, Net of Current Portion	13,060	28,266
Investments	40,576,335	36,625,511
Bequests Receivable	300,000	300,000
Beneficial Interests in Trusts, Net of Current Portion	433,576	582,683
Notes Receivable, Net of Current Portion	101,542	88,958
Nondepreciable Capital Assets	32,782	32,782
Total Other Assets	41,457,295	37,658,200
Total Assets	\$ 44,521,399	\$ 40,262,386
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 565,481	\$ 55,692
NET ASSETS		
Without Donor Restrictions:		
Board Designated	1,302,431	1,170,127
Undesignated	160,051	140,873
Total Without Donor Restrictions	1,462,482	1,311,000
With Donor Restrictions	42,493,436	38,895,694
Total Net Assets	43,955,918	40,206,694
Total Liabilities and Net Assets	\$ 44,521,399	\$ 40,262,386

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES) AND SUPPORT			
Private Contributions	\$ 54,097	\$ 1,061,078	\$ 1,115,175
In-Kind Contributions	421,453	-	421,453
Special Events, Net Direct Expenses of \$112,804	-	45,307	45,307
Interest and Dividends, Net	125,078	506,033	631,111
Net Realized and Unrealized Gain on Investments	-	3,710,468	3,710,468
Change in Value of Beneficial Interests in Trusts	-	85,353	85,353
Other Revenue, Net	2,601	-	2,601
Net Assets Released from Restrictions:			
Program Support	1,304,618	(1,304,618)	-
Administrative Support	335,742	(335,742)	-
Other	170,137	(170,137)	-
Total Revenues, Gains, and Support	<u>2,413,726</u>	<u>3,597,742</u>	<u>6,011,468</u>
EXPENSES			
Program	1,578,399	-	1,578,399
Management and General	372,016	-	372,016
Fundraising	311,829	-	311,829
Total Expenses	<u>2,262,244</u>	<u>-</u>	<u>2,262,244</u>
CHANGE IN NET ASSETS	151,482	3,597,742	3,749,224
Net Assets - Beginning of Year	<u>1,311,000</u>	<u>38,895,694</u>	<u>40,206,694</u>
NET ASSETS - END OF YEAR	<u>\$ 1,462,482</u>	<u>\$ 42,493,436</u>	<u>\$ 43,955,918</u>

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND SUPPORT			
Private Contributions	\$ 1,001,632	\$ 52,599	\$ 1,054,231
In-Kind Contributions	869,520	-	869,520
Special Events, Net Direct Expenses of \$94,919	108,680	-	108,680
Interest and Dividends, Net	19,156	-	19,156
Net Realized and Unrealized Gain on Investments	93,978	3,856,423	3,950,401
Change in Value of Beneficial Interests in Trusts	3,850	-	3,850
Other Revenue, Net	17,307	-	17,307
Net Assets Released from Restrictions	729,690	(729,690)	-
Total Revenues, Gains, and Support	2,843,813	3,179,332	6,023,145
EXPENSES			
Program	1,520,028	-	1,520,028
Management and General	555,349	-	555,349
Fundraising	475,823	-	475,823
Total Expenses	2,551,200	-	2,551,200
CHANGE IN NET ASSETS	292,613	3,179,332	3,471,945
Net Assets - Beginning of Year, as Previously Stated	1,672,121	35,062,628	36,734,749
Prior Period Adjustment	(653,734)	653,734	-
Net Assets - Beginning of Year, as Restated	1,018,387	35,716,362	36,734,749
NET ASSETS - END OF YEAR	\$ 1,311,000	\$ 38,895,694	\$ 40,206,694

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program	Supporting Services		Total
		Management and General	Fundraising	
Scholarships	\$ 985,738	\$ -	\$ -	\$ 985,738
Salaries and Benefits	125,206	127,527	178,563	431,296
Professional Services	40,097	98,196	58,653	196,946
Special Event Expenses	-	-	114,432	114,432
College Program Expense	144,167	-	-	144,167
Consulting Services	-	120,000	-	120,000
Supplies and Materials	7,274	828	-	8,102
Other Operating Expenses	198,802	7,685	7,753	214,240
Rent and Utilities	38,303	8,223	11,074	57,600
Travel, Meetings, and Dinners	663	519	1,558	2,740
Equipment and Construction	33,149	3,979	41,100	78,228
Advertising	-	-	11,500	11,500
Dues, Licenses, and Fees	5,000	5,059	-	10,059
Total Expenses	1,578,399	372,016	424,633	2,375,048
Less: Direct Special Event Expenses	-	-	112,804	112,804
Total Expenses Presented on the Statement of Activities	\$ 1,578,399	\$ 372,016	\$ 311,829	\$ 2,262,244

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program	Supporting Services		Total
		Management and General	Fundraising	
Scholarships	\$ 1,028,010	\$ -	\$ -	\$ 1,028,010
Salaries and Benefits	221,328	225,431	315,648	762,407
Professional Services	73,890	180,951	108,082	362,923
Special Event Expenses	-	-	98,761	98,761
College Program Expense	67,767	-	-	67,767
Consulting Services	-	122,750	-	122,750
Supplies and Materials	13,331	1,518	-	14,849
Other Operating Expenses	35,905	1,388	1,401	38,694
Rent and Utilities	48,029	10,311	13,886	72,226
Travel, Meetings, and Dinners	1,534	1,202	3,606	6,342
Equipment and Construction	21,074	2,529	26,129	49,732
Advertising	-	-	3,229	3,229
Dues, Licenses, and Fees	9,160	9,269	-	18,429
Total Expenses	1,520,028	555,349	570,742	2,646,119
Less: Direct Special Event Expenses	-	-	94,919	94,919
Total Expenses Presented on the Statement of Activities	\$ 1,520,028	\$ 555,349	\$ 475,823	\$ 2,551,200

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,749,224	\$ 3,471,945
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease in Provision for Bad Debts	(1,469)	(2,874)
Net Realized and Unrealized Gain on Investments	(3,710,468)	(3,950,401)
Increase in Value of Beneficial Interests in Trusts	(85,353)	(3,850)
Discount on Beneficial Interest in Trusts	234,216	-
Contributions to be Held in Perpetuity	-	(52,599)
Change in Operating Assets:		
Unconditional Promises to Give	17,873	47,878
Other Current Assets	(10,183)	1,234
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	485,309	7,468
Net Cash Provided (Used) by Operating Activities	679,149	(481,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes Receivable Issued to Students	(24,464)	(28,112)
Notes Receivable Repayments	55,185	4,340
Purchases of Investments	(9,501,889)	(16,533,281)
Proceeds from Sale of Investments	9,242,361	17,541,815
Net Cash Provided (Used) by Investing Activities	(228,807)	984,762
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to be Held in Perpetuity	-	52,599
Net Cash Provided by Financing Activities	-	52,599
NET CHANGE IN CASH AND CASH EQUIVALENTS	450,342	556,162
Cash and Cash Equivalents - Beginning of Year	2,501,499	1,945,337
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,951,841	\$ 2,501,499

See accompanying Notes to Financial Statements.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Polk State College Foundation, Inc. (the Foundation) was established in 1976 as a nonprofit, tax-exempt organization. The Foundation is a direct-support organization operating exclusively for the benefit of Polk State College (the College) and is considered a component unit of the College.

The Foundation's principal operating activity is soliciting contributions to provide financial support to the College. This financial support is accomplished by providing scholarships and loans to students, supporting the athletic program, providing funds for use in health related, technology, and other education programs, and subsidizing other college goals.

Basis of Accounting

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).

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investment return consists of interest and dividend income and realized and unrealized gains or losses, less external investment expenses.

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the dividend date.

No depreciable Capital Assets

Nondepreciable capital assets consist of artwork purchased or donated to the Foundation, and are capitalized and carried at cost if purchased or fair value on the date of the gift if donated.

Notes Receivable

Notes receivable represent student loans made under the Foundation's loan program. Notes receivable are reported net of an allowance for uncollectible notes. The allowance for uncollectible notes is estimated for the current period using historical data in order to properly present notes receivable at their estimated realizable value.

Beneficial Interests in Trusts

Beneficial interests in assets held by third parties in charitable remainder annuity trusts are recorded as contributions with donor restrictions at fair value when received. Changes in the fair value of charitable remainder annuity trusts are determined using discounted estimated future cash flows and actuarial assumptions, and recorded as change in value of split interest agreements in the statement of activities. Upon death of the survivor recipient, the remainder interest of charitable remainder annuity trusts are released from restriction and reclassified to net assets without restrictions. There are no donor-imposed restrictions on the use of the funds.

Beneficial interests in assets held by third parties in perpetual trusts are recorded at fair value as contributions with donor restrictions when received. Fair value is determined using discounted future cash flows, with life expectancy estimated using Internal Revenue Service tables and a discount rate of 6.5%. Changes in the fair value of perpetual trusts are recorded as change in value of split interest agreements in the statement of activities. Distributions are recorded as contributions with donor restrictions, due to donor-imposed use restrictions.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Unconditional promises to give are recorded when the promises to contribute are made. Unconditional promises to give which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Foundation provides an allowance for uncollectible pledges based on management's assessment of the collectability of specific unconditional promises to give and historical collection experience.

Bequests Receivable

Bequests receivable are recorded at fair value when the Foundation is notified in writing of the gift. The gifts are recorded in the statement of activities as private contributions with donor restrictions.

In-Kind Contributions

Contributions of donated assets and services are recorded at their estimated fair value at the date of receipt and are reflected as contributions in the accompanying statement of activities. Contributions of services are recognized only if such services create or enhance nonfinancial assets, would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills and would otherwise be purchased by the Foundation.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

Income Taxes

The Foundation is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Foundation identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Foundation has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Foundation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Foundation reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, unconditional promises to give due in one year or less, notes receivable, accounts payable and accrued expenses.

The Foundation's Level 1 financial instruments consist of investments as identified in Note 3 and are valued based on quoted market prices.

The Foundation has no Level 2 investments. The fair value of beneficial interest in trust assets is based on a valuation model incorporates assumptions that market participants would use in estimating future distributable income. The Foundation values its beneficial interest at the discounted present value of estimated future distributions it expects to received (Level 3).

Reclassifications

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the change in net assets.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and Cash Equivalents	\$ 1,034,740	\$ 648,617
Other Receivable	\$ 24,480	-
Unconditional Promises to Give	15,327	16,525
Notes Receivable	14,794	58,099
Total	\$ 1,089,341	\$ 723,241

The Foundation endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of investments and assets measured at fair value on a recurring basis consists of the following for the years ended December 31:

	2021		
	Total Market and Carrying Value	Quoted Prices in Active Markets for Identified Assets (Level One)	Unobservable Inputs (Level Three)
ASSETS			
Investment Securities at Fair Value:			
Mutual Stock Funds	\$ 28,176,637	\$ 28,176,637	\$ -
Mutual Allocation Funds	215,058	215,058	-
Mutual Bond Funds	8,454,874	8,454,874	-
Individual Bonds	3,729,766	3,729,766	-
Total Investment Securities at Fair Value	40,576,335	40,576,335	-
Beneficial Interest in Trust Assets	463,742	-	463,742
Total Assets	\$ 41,040,077	\$ 40,576,335	\$ 463,742

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2020		
	Total Market and Carrying Value	Quoted Prices in Active Markets for Identified Assets (Level One)	Unobservable Inputs (Level Three)
ASSETS			
Investment Securities at Fair Value:			
Mutual Stock Funds	\$ 23,396,723	\$ 23,396,723	\$ -
Mutual Allocation Funds	1,856,388	1,856,388	-
Mutual Bond Funds	8,053,536	8,053,536	-
Individual Bonds	3,736,165	3,736,165	-
Total Investment Securities at Fair Value	36,625,511	36,625,511	-
Beneficial Interest in Trust Assets	593,433	-	593,433
Total Assets	<u>\$ 37,218,944</u>	<u>\$ 36,625,511</u>	<u>\$ 176,132</u>

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020. There were no transfers in or out of Level 3 investments.

Fair value measurements using significant unobservable inputs:

	2021	2020
Beginning Balance at January 1	\$ 593,433	\$ 589,583
Change in Valuation of Future Interest in Trust Assets	85,353	3,850
Distributions	(215,044)	-
Ending Balance at December 31	<u>\$ 463,742</u>	<u>\$ 593,433</u>

The unrealized gains and losses recorded in the accompanying statements of activities as “changes in valuation of future interest in trusts” for revenue with restrictions for the years ended December 31, 2021 and 2020 related to Level 3 assets that are still held at December 31, 2021 and 2020.

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due as follows at December 31:

	2021	2020
Less than One Year	\$ 15,327	\$ 16,600
One to Five Years	14,000	30,600
Total	29,327	47,200
Less: Discounts to Net Present Value (2.47%)	(940)	(1,801)
Allowance for Uncollectible Receivables	-	(608)
Net Unconditional Promises to Give	<u>\$ 28,387</u>	<u>\$ 44,791</u>

**POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

Current and noncurrent portions of unconditional promises to give are as follows at December 31:

	2021	2020
Net Unconditional Promises to Give	\$ 28,387	\$ 44,791
Less: Current Portion	(15,327)	(16,525)
Total	\$ 13,060	\$ 28,266

NOTE 5 NOTES RECEIVABLE

Notes receivable represent loans administered for students of Polk State College. The current amount due of approximately \$15,000 and \$58,000 at December 31, 2021 and 2020, respectively, represents the estimated portion of loan payments receivable in less than one year from (1) students participating in the public safety program who are currently seeking degrees as employees of the local police and fire departments and (2) students who are expecting federal assistance within a few months and qualified for "bridging loans".

The noncurrent amount of notes receivable of approximately \$102,000 and \$89,000 at December 31, 2021 and 2020, respectively, represents the estimated portion of loan payments due in more than one year from those students who are repaying loans or who are expected to repay loans at a future date, as well as the portion of the loans that have been made to students who are currently in the public safety program or who are working at the local police or fire department fulfilling the work requirement of the loans. The noncurrent amount of loans to students in the public safety program may be forgiven in the future if the recipient meets such criteria as graduation from the college and employment for a certain time at the local police or fire department.

Notes receivable are presented net of an allowance for doubtful accounts of approximately \$2,000 and \$600 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 SCHOLARSHIPS

The Foundation offers a variety of scholarship opportunities for students. Students may use their scholarships for tuition, fees, books or other items as stipulated by the donor. Funds not expended may remain in the student's account to be used in future academic terms, revert to the Foundation for awarding to another student or returned to the donor. As the scholarships are awarded and paid, they are recorded as scholarships within program expense on the statements of functional expenses and statements of activities. The expense recorded for scholarships for the years ended December 31, 2021 and 2020, amounted to approximately \$985,700 and \$1,028,000, respectively.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 RELATED PARTY TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Foundation received the following support totaling approximately \$422,000 and \$868,000, respectively, from the College: salaries and related benefits for Foundation personnel paid by the College approximately \$364,000 and \$707,000, and rental value of approximately \$58,000 and \$64,000 for use of the College's facilities. These amounts are included as in-kind contributions revenues, as expenses in program, management and general and fundraising in the statements of activities and as salaries and benefits, rent, and utilities in the statements of functional expenses. Included in accounts payable and accrued expenses in the statements of financial position as of December 31, 2021 and 2020, is approximately \$67,000 and \$19,000, respectively, of amounts due to the College related to program expenses.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Scholarships, Awards, Grants and Loans	\$ 185,403	\$ 185,370
Capital Projects	-	11,625
Invested in Capital Assets	32,782	32,782
Athletics/Clubs and Programs	<u>5,051,327</u>	<u>5,030,243</u>
Total	5,269,512	5,260,020
Subject to Passage of Time:		
Present Value of Future Interests in Trust	463,742	593,433
Bequests	300,000	300,000
Notes Receivable	116,337	147,056
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditures Until Due	<u>24,387</u>	<u>44,791</u>
Total	904,466	1,085,280
Endowments:		
Not Subject to Spending Policy or Appropriation:		
Endowment Held in Perpetuity	21,358,348	20,051,575
Subject to Appropriation and Expenditure When a Specific Event Occurs:		
Restricted by Donors for:		
Scholarships, Awards, Grants, and Loans	<u>14,961,110</u>	<u>12,498,819</u>
Total Endowments	<u>36,319,458</u>	<u>32,550,394</u>
Total Net Assets with Donor Restrictions	<u>\$ 42,493,436</u>	<u>\$ 38,895,694</u>

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Scholarships, Awards, Grants, and Loans	\$ 850,001	\$ 269,568
Academic Program Support	67,443	55,543
Athletics/Clubs and Foundation Managed Funds	387,174	404,579
Foundation Administration Fee	335,742	-
Other	<u>170,137</u>	<u>-</u>
Total Net Assets		
Released from Donor Restrictions	<u>\$ 1,810,497</u>	<u>\$ 729,690</u>

NOTE 9 ENDOWMENT

The Foundation has donor restricted endowment funds which consist of investments held in perpetuity with the income restricted for scholarships, teaching chair awards, capital projects, technology and equipment, and classroom materials supporting Polk State College academic programs. The principal is recorded as donor restricted in perpetuity which must be maintained permanently and not be used up, expended or otherwise exhausted. The earnings on the donor restricted endowment funds are recorded as donor restricted net assets until appropriated for expenditure by the board and spent for their intended purpose at which time they are released from restriction.

The Foundation also maintains various board-designated endowment funds to further its mission which are classified as without donor restrictions on the statement of financial position.

The Foundation's board of directors has interpreted relevant state law, which is Chapter 617.2104, Florida Statutes, the Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 ENDOWMENT (CONTINUED)

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

- 1) The purposes of the Foundation
- 2) The intent of the donors of the endowment fund
- 3) The terms of the applicable instrument
- 4) The long-term and short-term needs of the Foundation carrying out its purposes
- 5) The general economic conditions
- 6) The possible effect of inflation or deflation
- 7) The other revenue sources of the Foundation
- 8) Perpetuation of the endowment

The objectives of the Foundation's investment policy are (1) to preserve the purchasing and spending power of the Foundation over the investment horizon with the emphasis placed on minimizing return volatility; and (2) to emphasize long-term growth of principal while avoiding excessive risk. Investment guidelines are established to provide a framework for a well-diversified investment portfolio. The endowment pool spending policy allows the withdrawal of up to 3% of the endowment value, with certain exclusions, for scholarships and 1.2% for general and administrative costs.

Funds with Deficiencies

From time to time, certain donor-restricted endowments funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation does not have any deficiencies as of December 31, 2021 or 2020.

Endowment net asset composition by type for the years ended December 31 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,302,431	\$ -	\$ 1,302,431
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	21,358,348	21,358,348
Accumulated Investment Gains	-	14,961,110	14,961,110
Total	\$ 1,302,431	\$ 36,319,458	\$ 37,621,889
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,170,127	\$ -	\$ 1,170,127
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	20,051,575	20,051,575
Accumulated Investment Gains	-	12,498,819	12,498,819
Total	\$ 1,170,127	\$ 32,550,394	\$ 33,720,521

POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 ENDOWMENT (CONTINUED)

Changes in the endowment net assets for the years ended December 31 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets at December 31, 2019, as Previously Stated	\$ 1,573,323	\$ 30,669,791	\$ 32,243,114
Prior Period Adjustment	<u>(537,888)</u>	<u>(347,734)</u>	<u>(885,622)</u>
Endowment Net Assets at December 31, 2019, as Restated	1,035,435	30,322,057	31,357,492
Investment Returns, Net	156,102	3,347,237	3,503,339
Contributions	-	52,599	52,599
Expenditures on Investment Earnings	(21,410)	(728,556)	(749,966)
Transfers to Non-Endowment Funds	<u>-</u>	<u>(442,943)</u>	<u>(442,943)</u>
Endowment Net Assets at December 31, 2020	1,170,127	32,550,394	33,720,521
Investment Returns, Net	141,373	3,939,284	4,080,657
Contributions	33,963	151,674	185,637
Expenditures on Investment Earnings	(19,032)	(397,028)	(416,060)
Transfers to Non-Endowment Funds	<u>(24,000)</u>	<u>75,134</u>	<u>51,134</u>
Endowment Net Assets at December 31, 2021	<u>\$ 1,302,431</u>	<u>\$ 36,319,458</u>	<u>\$ 37,621,889</u>

NOTE 10 CONCENTRATION OF CREDIT RISKS

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. At December 31, 2021 and 2020, the stock component of the portfolio is invested across 14 and 24 mutual funds, respectively, with the largest individual stock fund allocation comprising approximately 15% of the total portfolio for both years. These funds invest in a variety of securities. When the individual holdings of the funds are aggregated, it is not expected that any one equity security makes up more than 1% of the overall portfolio.

Unconditional promises to give are from contributors in Polk County, Florida. An allowance for uncollectible contributions is provided based on management's evaluations of potential uncollectible unconditional promises to give at year-end, which considers the geographic concentration of contributors.

Notes receivable represent loans to students who are or were attending Polk State College or other schools of higher education. The majority of these students live in Polk County, Florida. These loans are uncollateralized, however, an allowance is provided in order to present these loans at their estimated realizable value.

**POLK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 RISKS AND UNCERTAINTIES

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its future operations and financial results, including (program services). Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to occur subsequent to year-end are still developing.

In addition, since December 31, 2021, market volatility has been impacted by significant inflation and a Russian invasion of Ukraine. As of June 14, 2022, the amount and likelihood of loss relating to these events has not been determined. In preparing these financial statements, the foundation has evaluated events and transactions for potential recognition or disclosure, the date the financial statements were available to be issued.

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

Board of Directors
Polk State College Foundation, Inc.
Winter Haven, 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 Polk State College Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 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, and have issued our report thereon dated June 14, 2022.

Internal Control Over Financial Reporting

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

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

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

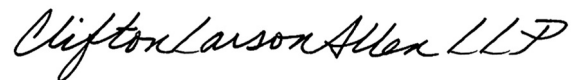
Board of Directors
Polk State College Foundation, Inc.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



CliftonLarsonAllen LLP

Lakeland, Florida
June 14, 2022

INDEPENDENT ACCOUNTANTS' REPORT

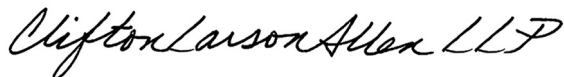
Board of Directors
Polk State College Foundation, Inc.
Winter Haven, Florida

We have examined the Polk State College Foundation, Inc.'s (the Foundation), compliance with Section 1011.85(4)(c), Florida Statutes, regarding the matching requirements for the First Generation Matching Grant, during the year ended December 31, 2021. Management is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Foundation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Foundation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2021.



CliftonLarsonAllen LLP

Lakeland, Florida
June 14, 2022