

# 2021

St. Johns River State College Foundation, Inc.

Financial Statements  
and Independent Auditor's Report

March 31, 2021

ST. JOHNS RIVER STATE COLLEGE  
FOUNDATION, INC.  
PALATKA, FLORIDA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinion

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

### Other Matters

#### *Report on Summarized Comparative Information*

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### *Required Supplementary Information*

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Foundation'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 Foundation's internal control over financial reporting and compliance.



August 24, 2021  
Gainesville, Florida

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2021**

The following is management's discussion and analysis of the financial activities of the St. Johns River State College Foundation, Inc. (the Foundation) for the fiscal year ended March 31, 2021. The objective of this discussion and analysis is to focus on current activities, resulting changes and currently known facts to provide an overall summary of the accompanying the financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

This report represents the Foundation leadership's overview of the organization's financial health and well-being. Consequently, we assume full responsibility for the completeness and reliability of all information. To provide a reasonable basis for making these representations, the Foundation has established a comprehensive internal controls framework designed to protect the Foundation's assets from loss, theft or misuse. These controls also allow the external auditors to compile sufficient, reliable information for the preparation of the foundation's financial statements conforming to accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Foundation's controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We confirm that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Foundation's financial statements have been audited by Purvis, Gray and Company, LLP, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Foundation as of the fiscal year ended March 31, 2021 are free from material misstatement. The independent audit involved the following: a test-basis examination of evidence supporting the amounts and disclosures in the financial statements, evaluating the appropriateness of the accounting policies used; the reasonableness of significant estimates made by the Foundation's management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the foundation's financial position as of March 31, 2021 and changes in its net assets and cash flows for the year then ended is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

### **Basic Financial Statements**

The Foundation is a special-purpose government, engaged only in business-type activities. Therefore, it presents only the financial statements required for enterprise funds, which consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2021**

**Financial Highlights**

The following presents condensed data about net position and change in net position for fiscal years ended March 31, 2021 and March 31, 2020:

	<u>2021</u>	<u>2020</u>
Assets:		
Non-Capital Assets, Current	\$ 4,379,577	\$ 2,868,360
Non-Capital Assets, Non-Current	3,630,492	3,222,937
Total Assets	<u>8,010,069</u>	<u>6,091,297</u>
Liabilities:		
Due to St. Johns River State College	-	136,486
Annuity Payable	10,600	10,600
Non-Current Liabilities	87,257	92,128
Total Liabilities	<u>97,857</u>	<u>239,214</u>
Deferred Inflows of Resources	<u>134,180</u>	<u>106,323</u>
Net Position:		
Restricted	5,678,196	4,492,810
Unrestricted	2,099,836	1,252,950
Total Net Position	<u>7,778,032</u>	<u>5,745,760</u>
Change in Net Position		
Operating Revenues:		
Contributions	410,575	499,063
Other Income	49,872	-
Total Revenues	<u>460,447</u>	<u>499,063</u>
Operating Expenses:		
Scholarships	344,407	359,625
General Program Expenses	182,662	174,651
Other Expenses	59,773	75,425
Total Operating Expenses	<u>586,842</u>	<u>609,701</u>
Operating Income/Loss	(126,395)	(110,638)
Non-Operating Revenue	<u>1,935,331</u>	<u>(346,439)</u>
Income Before Changes in Non-Expendable	1,808,936	(457,077)
Endowment Contributions	223,336	226,487
Change in Net Position	2,032,272	(230,590)
Beginning Net Position	<u>5,745,760</u>	<u>5,976,350</u>
Ending Net Position	<u>\$ 7,778,032</u>	<u>\$ 5,745,760</u>

On March 31, 2021, the net position totaled \$7,778,032. Of this amount:

- \$2,099,836 may be used to provide college program support as well as general and administrative support;
- \$2,434,938 represents funds which have been limited by donors with restrictions or for special purposes; and
- \$3,243,258 is the non-expendable portion of funds that are invested in perpetuity.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2021**

The Foundation's net position increased 35.4% increase (\$2,032,272) from the previous fiscal year-end.

The Foundation ended the 2020-2021 fiscal year with total assets of \$8.01 million, a 31.5 % increase from the prior fiscal year-end total of \$6.09 million.

Total liabilities of \$232,037 as of March 31, 2021 includes accounts payable as well as deferred revenue and a charitable gift annuity.

Contributions decreased slightly from the previous year with a total of \$460,477 while endowment contributions remained level at a total of \$223,336.

Management and general expenses, as well as all fundraising expenses are paid from the Foundation's operating budget, which is derived in part from unrestricted gifts, in-kind contributions and other operating support from St. Johns River College, and with 1.25 percent annual administrative assessment of the scholarship endowment pool.

As of March 31, 2021, investment holdings account for 80 percent of total assets. The purpose of the investment pool is to preserve and enhance the real purchasing power of contributed funds, while providing an earnings stream to support St. Johns River State College and its students. The value of the Foundation's investments total \$6.39 million. This represents an increase of 45.2 percent from the previous fiscal year-end. The upturn in investment value is due to a strong market performance during the year and should be notated as a historic outlier and not likely to be repeated. It was caused by unprecedented fiscal and monetary stimulus which greatly favored US Stocks. The Foundation usually has a high allocation to stocks of 60 to 70%.

**Request for Information**

The financial report is designed to provide a general overview of the Foundation's finances. Questions concerning any of the information in this report or requests for additional information should be addressed to the St. Johns River State College Foundation, Inc. 5001 St. Johns Avenue, Palatka, Florida 32177 or call (386) 312-4100.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2021**  
**WITH COMPARATIVE TOTALS FOR MARCH 31, 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,497,642	\$ 1,663,562
Investments	2,881,935	1,204,798
Total Current Assets	4,379,577	2,868,360
Non-Current Assets:		
Temporary Restricted Investments	262,840	113,001
Endowed Investments	3,243,258	3,013,886
Irrevocable Trust Receivable	124,394	96,050
<b>Total Assets</b>	8,010,069	6,091,297
<b>Liabilities</b>		
Current Liabilities:		
Due to St. Johns River State College	-	136,486
Annuity Payable	10,600	10,600
Non-Current Liabilities:		
Annuity Payable	87,257	92,128
<b>Total Liabilities</b>	97,857	239,214
<b>Deferred Inflows of Resources</b>		
Irrevocable Trust	124,394	96,050
Charitable Annuity	9,786	10,273
<b>Total Deferred Inflows of Resources</b>	134,180	106,323
<b>Net Position</b>		
Unrestricted	2,099,836	1,252,950
Restricted:		
Expendable	2,434,938	1,478,924
Non-Expendable	3,243,258	3,013,886
<b>Total Net Position</b>	\$ 7,778,032	\$ 5,745,760

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2021**  
**WITH COMPARATIVE TOTALS FOR MARCH 31, 2020**

	2021			2020	
	Unrestricted	Restricted		Total Fund	Total Fund
		Expendable	Non-Expendable		
<b>Operating Revenues</b>					
Contributions	\$ 16,764	\$ 393,811	\$ -	\$ 410,575	\$ 499,063
Other Income	49,872	-	-	49,872	-
<b>Total Operating Revenues</b>	<u>66,636</u>	<u>393,811</u>	<u>-</u>	<u>460,447</u>	<u>499,063</u>
<b>Operating Expenses</b>					
Program Services:					
Scholarships	-	344,407	-	344,407	359,625
Management and General	44,970	49,872	-	94,842	45,821
Other College Support	-	87,820	-	87,820	128,830
Total Program Services	<u>44,970</u>	<u>482,099</u>	<u>-</u>	<u>527,069</u>	<u>534,276</u>
Fund-Raising	1,147	6,751	-	7,898	55,235
Supporting Services:					
Professional Fees	15,500	36,375	-	51,875	20,190
<b>Total Operating Expenses</b>	<u>61,617</u>	<u>525,225</u>	<u>-</u>	<u>586,842</u>	<u>609,701</u>
<b>Operating (Loss) Income</b>	<u>5,019</u>	<u>(131,414)</u>	<u>-</u>	<u>(126,395)</u>	<u>(110,638)</u>
<b>Non-Operating Revenue</b>					
Interest and Dividends	73,683	119,078	578	193,339	192,254
Unrealized (Loss)/Gain on Fair Value Change of Investments	735,289	906,178	5,127	1,646,594	(550,530)
Gain on Sale of Investments	32,895	67,414	331	100,640	24,157
Change in Value of Annuity	-	(5,242)	-	(5,242)	(12,320)
<b>Total Non-Operating Revenue</b>	<u>841,867</u>	<u>1,087,428</u>	<u>6,036</u>	<u>1,935,331</u>	<u>(346,439)</u>
<b>Change in Net Position Before Endowment Contributions and Transfers</b>	<u>846,886</u>	<u>956,014</u>	<u>6,036</u>	<u>1,808,936</u>	<u>(457,077)</u>
Endowment Contributions	-	-	223,336	223,336	226,487
<b>Change in Net Position</b>	<u>846,886</u>	<u>956,014</u>	<u>229,372</u>	<u>2,032,272</u>	<u>(230,590)</u>
<b>Net Position, Beginning of Year</b>	<u>1,252,950</u>	<u>1,478,924</u>	<u>3,013,886</u>	<u>5,745,760</u>	<u>5,976,350</u>
<b>Net Position, End of Year</b>	<u>\$ 2,099,836</u>	<u>\$ 2,434,938</u>	<u>\$ 3,243,258</u>	<u>\$ 7,778,032</u>	<u>\$ 5,745,760</u>

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**  
**WITH COMPARATIVE TOTALS FOR MARCH 31, 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Contributions and Support	\$ 432,103	\$ 508,469
Payments for Scholarships	(480,893)	(223,139)
Payments for General Student Expenses	(59,773)	(75,425)
Payments for Other Expenses	(159,676)	(182,337)
<b>Net Cash (Used in) Operating Activities</b>	<b>(268,239)</b>	<b>27,568</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Investments	706,487	893,006
Purchases of Investments	(1,020,843)	(744,000)
Interest and Dividends	193,339	134,991
<b>Net Cash (Used in) Investing Activities</b>	<b>(121,017)</b>	<b>283,997</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Endowment Contributions	223,336	226,487
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>223,336</b>	<b>226,487</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(165,920)	538,052
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,663,562</b>	<b>1,125,510</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,497,642</b>	<b>\$ 1,663,562</b>
<b><u>Reconciliation of Operating Income to Net Cash</u></b>		
<b><u>    Provided by (Used in) Operating Activities</u></b>		
Operating Income	\$ (126,395)	\$ (110,638)
Change in Net Position:		
Irrevocable Trust Receivable	(28,344)	9,406
Due to St. Johns River State College	(136,486)	136,486
Annuity Payable	(4,871)	1,563
Deferred Inflows	27,857	(9,249)
<b>Net Cash (Used in) Operating Activities</b>	<b>\$ (268,239)</b>	<b>\$ 27,568</b>
<b><u>Schedule of Non-Cash Operating Activities</u></b>		
Change in Fair Value of Investments	<b>\$ 1,646,835</b>	<b>\$ (550,530)</b>

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The St. Johns River State College Foundation, Inc. (the Foundation) was formed in 1970 as a non-profit organization. The Foundation's sole purpose is the support of the St. Johns River State College (the College) and its students. The primary goal of the Foundation is to further develop its scholarship program and to fund activities that promote the College. The Foundation is a direct support organization under Section 1004.70, Florida Statutes, and, for financial reporting purposes, is considered a component unit of the College.

**Basis of Presentation**

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles.

For financial reporting purposes, the Foundation is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the financial activity of the Foundation is accounted for in a single business-type fund which, to observe restrictions placed on the use of resources, is further grouped into sub-accounts as follows:

- Unrestricted—represents resources available for operations without restriction.
- Restricted, Expendable—represents resources available only for scholarships or other eligible student related purposes.
- Restricted, Non-Expendable—represents contributions received, in which the principal amount is restricted in perpetuity by the donor, with income available only for scholarships or other eligible student related purposes.

All restrictions are externally imposed, thus no net position is restricted by enabling legislation. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues of the Foundation are classified as *operating*, for primary activities, such as donor contributions and state matching funds, or *non-operating*, for ancillary activities, such as investment earnings.

**Measurement Focus and Basis of Accounting**

The Foundation utilizes the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Investments**

Investments are reported at fair value, except for money market investments, which are reported at cost.

**Donor-Restricted Endowments**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the non-expendable endowment balance. In accordance with state law, these funds are then available for expenditure when the specific donor criteria are met.

In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce restricted expendable net position to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before a loss occurs. Any remaining loss reduces unrestricted net position.

If losses reduce the assets of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net position.

After the fair value of the assets of the endowment fund equals the required level, gains that are restricted by the donor are classified as increases in restricted expendable net position or restricted non-expendable net position, depending on the donor's restrictions.

**Contribution Receivable**

Unconditional promises to give that are expected to be collected within one year and in future years are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

**Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period.

**Income Tax**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**Note 2 - Deposits and Investments**

The Foundation's deposits and investments are summarized below:

Cash and Cash Equivalents	\$ 1,497,642
Investments	2,881,935
Temporarily Restricted Investments	262,840
Endowed Investments	3,243,258
<b>Total Deposits and Investments</b>	<b><u>\$ 7,885,675</u></b>

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

For the purpose of risk disclosures, deposits and investments are comprised of the following:

Deposits with Financial Institutions	\$ 984,719
Investments	<u>6,900,956</u>
<b>Total Deposits and Investments</b>	<b><u><u>\$ 7,885,675</u></u></b>

Investments held as of March 31, 2021, are as follows:

	Fair Value	Maturity in Years			N/A	Average Credit Quality Ratings
		Less than 1	1-5	6-10		
Special Purpose Investment Account (SPIA)	\$ 512,923	\$ -	\$ 512,923 *	\$ -	\$ -	AA-F
Bonds and Notes	978,828	707,860	100,320	170,648	-	AAA to BBB
Equities	3,083,637	-	-	-	3,083,637	N/A
Exchange Trade Funds:						
Fixed Income	256,339	13,005	14,217	229,117	-	A
Equities	77,087	-	-	-	77,087	A
Mutual Funds:						
Equities	1,617,221	-	-	-	1,617,221	N/A
Real Estate	374,921	-	-	-	374,921	N/A
	<u>6,900,956</u>	<u>\$ 720,865</u>	<u>\$ 627,460</u>	<u>\$ 399,765</u>	<u>\$ 5,152,866</u>	
Less Cash Equivalents:						
SPIA	<u>(512,923)</u>					
<b>Total Investments</b>	<b><u><u>\$ 6,388,033</u></u></b>					

\* The SPIA uses the effective duration method, which is 2.51 years at March 31, 2020.

The Foundation may be exposed to the following risks associated with its investment portfolio:

*Credit Risk*—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation’s investment policy requires that debt securities be rated “Baa” or “BBB” or better by Moody’s or Standard & Poor’s rating services, respectively. The Foundation’s investment policy also sets allowable ranges for allocation of assets as follows: domestic equity (mutual funds) (50-70%); international equity (10-20%); intermediate and long-term bonds (10-20%); real estate (0-10%); and cash equivalents (2-10%). Charitable gift annuity investments are limited to no more than 50% equities (including mutual funds) and no more than 10% may be invested in any one stock or fund.

*Interest Rate Risk*—The risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation investment policies include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

*Custodial Credit Risk*—The risk that, in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. None of the Foundation’s investments are subject to custodial credit risk.

*Concentration of Credit Risk*—The risk that any one issuer, representing a concentration greater than 5% of total investments, may not fulfill its obligations. None of the Foundation’s investments exceeded this concentration level.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

The Foundation invests in the Special Purpose Investment Account of the State of Florida Treasury Investment Pool, an external investment pool. The SPIA is not registered with the SEC. Regulatory oversight for the pool is provided by the State of Florida Division of Treasury. The fair value of the position in the pool is equal to the value of the pool shares.

**Note 3 - Fair Value Measurement**

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

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

- Special purpose investment account - Total fair value of the pool is determined from individual values of securities in the pool. The Foundation's fair value factor is a ratio of the total pool.
- Common stock - Valued using quoted market prices.
- Exchange traded funds - Valued using quoted market prices.
- Exchange traded funds fixed income - Valued using quoted market prices.
- Mutual funds - Valued at the daily closing price as reported by the fund.
- Irrevocable trust receivable - Valued using Income approach, present value technique.

The following table summarizes the Foundation's assets for which fair values are determined on a recurring basis:

	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Bonds and Notes	\$ 978,828	\$ 978,828	\$ -	\$ -
Equities	3,083,637	3,083,637	-	-
Exchange Traded Funds	333,426	333,426	-	-
Mutual Funds	1,992,142	1,992,142	-	-
<b>Total Investments</b>				
<b>Measured at Fair Value</b>	<u>\$ 6,388,033</u>	<u>\$ 6,388,033</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Irrevocable Trust Receivable</b>	<u>\$ 124,394</u>	<u>\$ -</u>	<u>\$ 124,394</u>	<u>\$ -</u>

**Note 4 - Receivables**

The Foundation is one of the residual beneficiaries of an irrevocable trust established in fiscal year 2013. Trust funds are held and invested by a third party trustee, with earnings used for the surviving spouse, as long as she lives and remains unmarried. It is estimated that the principal of the trust will grow at 5% per year. The present value of the estimated distribution of the trust is reported as an irrevocable trust receivable.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Note 5 - Charitable Annuity**

The Foundation is a lead interest beneficiary of an irrevocable agreement created in July 2016, in the total amount of \$200,000. The Foundation agrees to pay the donors annual annuity payments of \$10,600. The Foundation's obligation terminates with the annual payment last proceeding with the death of the last surviving donor. The present value of the future obligation is \$97,857. In addition, 10% (\$9,786) has been restricted as a required reserve. The remainder is available for scholarships for degree-seeking, in-state students enrolled at the College, subject to certain criteria.

Changes in annuity payable are summarized below:

	<u>Balance</u> <u>April 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2021</u>	<u>Due Within</u> <u>One Year</u>
Annuity	\$ 102,728	\$ 5,729	\$ (10,600)	\$ 97,857	\$ 10,600

**Note 6 - Contributed Facilities, Services, and Property**

The Foundation receives free use of certain facilities and certain contributed services from the College. As a matter of accounting practice, the value of such facilities and services is not recorded in the Foundation's financial statements. Contributed property used to further the purposes of the Foundation is recorded at estimated acquisition value at the date of donation.

**Note 7 - Restricted Net Position**

Restricted, expendable net position of \$2,434,938 as of March 31, 2021, is available for scholarships and other eligible student-related purposes.

Changes in restricted, non-expendable net position are as follows:

	<u>Balance</u> <u>March 31,</u> <u>2020</u>	<u>Current</u> <u>Year</u> <u>Contributions</u>	<u>Investment</u> <u>Income</u> <u>(Loss)</u>	<u>Administrative</u> <u>Fees</u>	<u>Income</u> <u>Available for</u> <u>Expenditures</u>	<u>Balance</u> <u>March 31,</u> <u>2021</u>
Thrasher-Horne Endowment	\$ 1,839,543	\$ 21,689	\$ 524,702	\$ (26,924)	\$ (497,778)	\$ 1,861,232
Paul and Juanita Boyette Endowment	202,817	1,735	82,454	(3,238)	(79,216)	204,552
Putnam County Scholar Endowment	122,692	15,500	43,141	(1,957)	(41,184)	138,192
Irwin and Elizabeth Zekaria Endowment	125,000	-	51,705	(2,003)	(49,702)	125,000
Georgia Pacific Endowment	123,165	-	50,945	(1,973)	(48,972)	123,165
Eva Mae Kelly Endowment	97,041	18,000	45,457	(1,819)	(43,638)	115,041
Dan and Katie Martinez Endowment	85,000	15,000	37,792	(1,517)	(36,275)	100,000
Nancy K. Ramsey Memorial Endowment	-	100,000	41,364	(1,602)	(39,762)	100,000
Athletic Association Endowment	62,000	-	25,646	(993)	(24,653)	62,000
Patty and Joel Weiss Endowment	-	51,373	11,375	-	(11,375)	51,373
Bob Hudson Endowment	50,000	-	20,682	(801)	(19,881)	50,000
Joe and Linda Pickens Endowment	50,000	-	20,682	(801)	(19,881)	50,000
Olivia Lay Endowment	50,000	-	20,682	(801)	(19,881)	50,000
Talmdage - Noyes Endowment	41,945	-	17,350	(672)	(16,678)	41,945
John Tindall Endowment	28,125	39	11,914	(471)	(11,443)	28,164
Sheretz Endowment	25,000	-	10,341	(401)	(9,940)	25,000
Lilie Avrett Endowment	25,000	-	10,341	(401)	(9,940)	25,000
St. Augustine Rotary	25,000	-	10,341	(401)	(9,940)	25,000
Robert McLendon, Jr. Endowment	25,000	-	8,754	(383)	(8,371)	25,000
Boots and Philip Endowment	21,529	-	8,905	(345)	(8,560)	21,529
C.L. Overturf Endowment	15,029	-	6,277	(241)	-	21,065
	<u>\$ 3,013,886</u>	<u>\$ 223,336</u>	<u>\$ 1,060,850</u>	<u>\$ (47,744)</u>	<u>\$ (1,007,070)</u>	<u>\$ 3,243,258</u>

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Note 8 - Administrative Fees**

During fiscal year 2021 the Board of Directors (the Board) approved a 1.25% administrative fee on all Board appropriated and endowment funds to be assessed on a quarterly basis based on the fair value of the funds and represents an allocation for management and administration of the funds. Fees assessed for fiscal year 2021 on Board appropriated funds and endowed funds were \$2,369 and \$47,744, respectively.

**Note 9 - Board Appropriations**

As summarized below, the Board has appropriated certain amounts of the unrestricted net position for specific purposes. These internal-imposed limitations on net position do not relate to donor stipulations.

<b>Unrestricted Net Position as of March 31, 2021</b>	\$ 2,099,836
<b>Board Appropriations for the Thrasher - Horne Center of the Arts</b>	
Balance Transfer from THCA Membership Account	(50,000)
Balance Transfer from THCA Sponsorships	(36,545)
Accumulated Net Depreciation (Appreciation)	(122,761)
Administrative Fee	2,369
<b>Total Board Appropriations</b>	<b>(206,937)</b>
<b>Unappropriated Unrestricted Net Position</b>	<b>\$ 1,892,899</b>

**Note 10 - Revocable Split-Interest Bequest**

The Foundation is a beneficiary of a bequest held in trust by the Jacksonville Community Foundation, Inc. who maintains variance power over trust assets. The trust directs that \$300,000 be permanently endowed and administered by the aforementioned third party, with earnings distributed to the Foundation on a periodic basis to provide scholarships annually to one recipient from each of the high schools in Putnam County. As of December 2015, the bequest was fully funded.

**Note 11 - Transfers**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Since no endowment funds fell below required levels for the year ended March 31, 2021, there were no transfers from unrestricted funds.

**Note 12 - Risk Management**

The Foundation is exposed to various risks of loss related to general liability and directors' and officers' liability. The Foundation purchases commercial insurance to manage these risks. There have been no losses in excess of coverage in the last three years.

## **ADDITIONAL REPORTS**

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

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the St. Johns River State 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 financial statements, and have issued our report thereon dated August 24, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be material weaknesses.

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

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

**2021-1**

■ **Segregation of Duties**

*Condition*—One of the basic tenets of sound internal control is the segregation of incompatible duties among employees. The premise is that to minimize control issues, duties should be segregated among employees so that individuals do not perform all of the accounting functions for a single area. We point this out to make the Foundation aware that separation of duties among employees is necessary in reducing the risk of errors and irregularities.

*Effect*—Lack of proper separation of incompatible duties could result in errors and irregularities that go undetected for extended periods of time.

*Recommendation*—We recommend that incompatible duties be separated among employees where it is feasible to do so.

**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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Foundation's Response to Findings**

The Foundation's response to the finding identified in our audit is described in its accompanying letter. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



August 24, 2021  
Gainesville, Florida



**ST. JOHNS RIVER**  
**S T A T E C O L L E G E**

OFFICE OF DEVELOPMENT AND EXTERNAL AFFAIRS  
5001 ST. JOHNS AVENUE | PALATKA, FL 32177-3807

**PALATKA CAMPUS** 5001 ST. JOHNS AVENUE  
PALATKA, FL 32177-3807 | (386) 312-4200

**ST. AUGUSTINE CAMPUS** 2990 COLLEGE DRIVE  
ST. AUGUSTINE, FL 32084-1197 | (904) 808-7400

**ORANGE PARK CAMPUS** 283 COLLEGE DRIVE  
ORANGE PARK, FL 32065-7639 | (904) 276-6800

**SJRstate.edu**

EQUAL OPPORTUNITY/EQUAL ACCESS COLLEGE

August 24, 2021

To Whom It May Concern:

The following is our response to each condition within the 2020-2021 St. Johns River State College Foundation, Inc. audit.

*Condition 2021-01:* In the matter of segregation of incompatible duties and responsibilities, we have taken steps to segregate as much as practicable considering the limited number of personnel.

Sincerely,

A handwritten signature in black ink, appearing to read "Caroline Tingle", written over a light blue horizontal line.

Caroline Tingle

Vice President for Development and External Affairs

# PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

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