

ST. PETERSBURG COLLEGE FOUNDATION, INC.

(A Component Unit of St. Petersburg College)

**Financial Statements
and Supplementary Information**

March 31, 2021 and 2020

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Financial Statements
March 31, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	4 - 8
Basic Financial Statements	
Statements of Net Position	10
Statements of Revenue, Expenses, and Change in Net Position	11
Statements of Cash Flows	12
Notes to the Financial Statements	13 - 26
Other Unaudited Information	
Schedule of Collections (Unaudited)	28 - 29
Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	30 - 31
Schedule of Findings and Responses	32 - 33



PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Petersburg College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Petersburg College Foundation, Inc. ("Foundation"), a component unit of St. Petersburg 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the Foundation as of March 31, 2021, and the change 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Matters

Report on Comparative Information

The financial statements of the Foundation as of and for the year ended March 31, 2020, were audited by other auditors, whose report, dated September 14, 2020, expressed an unmodified opinion on those statements. The comparative information presented herein as of and for the year ended March 31, 2020 is derived from those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

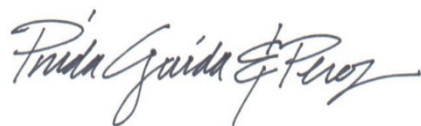
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The schedule of collections is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of collections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 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.



Prida Guida Perez P.A.
Tampa, Florida
July 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2021 and 2020

The management of St. Petersburg College Foundation, Inc., ("Foundation") presents the following management's discussion and analysis ("MD&A") narrative overview and analysis of the financial activities of the Foundation for the year ended March 31, 2021, with comparative information for the years ended March 31, 2020 and 2019. The purpose of this discussion is to enable the reader to identify and understand the significant issues and changes in the financial condition of the Foundation. The information presented here should be read in conjunction with the accompanying audited financial statements and footnotes. The financial statements, footnotes, and this MD&A were prepared by management are the responsibility of management.

The Foundation is a direct support organization supporting St. Petersburg College ("College").

Financial Highlights

During fiscal year 2021, the Foundation's net position, which represents the excess of total assets over total liabilities, increased by \$28.83 million or 42%. This is compared to a decrease in net position of \$6.97 million or 9% during fiscal year 2020, and an increase in net position of \$2.96 million or 4% during fiscal year 2019.

The increase or decrease in net position annually is the result of three primary factors:

- 1) changes from year to year in the contributions made to current use and endowed gift funds;
- 2) the amount of grants and support given to the College and scholarships awarded to students; and
- 3) the investment returns on the Foundation's financial portfolio.

In fiscal year 2021, contribution revenue, in the form of donor contributions, support from the College, and administrative fees on investments was considerably higher than in fiscal years 2020 and 2019. Contributions to endowed funds were considerably lower than in fiscal years 2020 and 2019, due to the receipt of several large estate gifts in those years. Investment returns were considerably lower in fiscal years 2020 and 2019 compared to fiscal year 2021. In fiscal year 2021, the Foundation's investment portfolio reflected a 36% return, net of fees, compared to returns of (10%) and 4%, net of fees, in fiscal years 2020 and 2019.

The Foundation expects fluctuations in contribution revenue as well as investment results from year to year. Very significant contributions may be received periodically from donors as a result of relationships cultivated over many years. The timing of these contributions is not entirely predictable, and often will correlate with a campus initiative. Likewise, the Foundation manages the endowment portfolio with a long-term philosophy of capital appreciation: single year fluctuations are normal and expected.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2021 and 2020

Presentation and Using This Report

The Foundation presents its financial report in accordance with Governmental Accounting Standards Board Statement ("GASB") No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, which focuses the reader of the financial reports on an organization's overall financial condition and change in net position and cash flows taken as a whole.

The Foundation's financial statements are immediately following management's discussion and analysis.

One of the most important questions asked about the Foundation's finances is whether the Foundation is better or worse off as a result of the year's activities. The keys to understanding this question are the statements of net position; statements of revenues, expenses, and change in net position; and the statement of cash flows.

The statements of net position include all assets and liabilities of the Foundation. It is one indicator of the Foundation's financial health, when considered in combination with other nonfinancial information. The statements of net position report assets, liabilities, and net position as of March 31, 2021 and 2020. The balances reflect activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the statements of revenues, expenses, and change in net position.

The statements of revenue, expenses, and change in net position report the revenue earned and the expenses incurred during the year as either operating or non-operating. Gifts to the Foundation, grants to the College, and scholarships awarded to students, are reported as operating revenue and expenses. Investment results are reported as non-operating income or expense. Gifts to permanent endowments and changes in endowment investments are also reported separately from operating revenue and expenses.

The remaining required financial statements are the statements of cash flows which show the sources and uses of funds, in essence, accounting for the change in cash and cash equivalents during the reporting period.

The notes to the financial statements provide additional information and more detail that is essential to a full understanding of the data presented in the financial statements. The notes to the financial statements are found immediately following the basic financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2021 and 2020

Condensed Schedule of Net Position

	March 31, 2021	Change		March 31, 2020	Change		March 31, 2019
Assets							
Current assets	\$ 64,681,978	\$ 34,573,835	115%	\$ 30,108,143	\$ (8,784,371)	-23%	\$ 38,892,514
Noncurrent assets	32,139,055	(5,721,290)	-15%	37,860,345	1,805,598	5%	36,054,747
Total assets	<u>\$ 96,821,033</u>	<u>\$ 28,852,545</u>	<u>42%</u>	<u>\$ 67,968,488</u>	<u>\$ (6,978,773)</u>	<u>-9%</u>	<u>\$ 74,947,261</u>
Liabilities							
Current liabilities	\$ 27,000	\$ 27,000	100%	\$ -	\$ (14,750)	-100%	\$ 14,750
Net position							
Restricted							
Expendable	60,190,748	27,876,929	86%	32,313,819	(9,020,382)	-22%	41,334,201
Nonexpendable	32,111,405	621,433	2%	31,489,972	1,511,073	5%	29,978,899
Unrestricted	4,491,880	327,183	8%	4,164,697	545,286	15%	3,619,411
Total net position	<u>96,794,033</u>	<u>28,825,545</u>	<u>42%</u>	<u>67,968,488</u>	<u>(6,964,023)</u>	<u>-9%</u>	<u>74,932,511</u>
Total liabilities and net position	<u>\$ 96,821,033</u>	<u>\$ 28,852,545</u>	<u>42%</u>	<u>\$ 67,968,488</u>	<u>\$ (6,978,773)</u>	<u>-9%</u>	<u>\$ 74,947,261</u>

The condensed schedules of net position reflect the assets, liabilities, and net position for fiscal years 2021, 2020, and 2019.

Assets

Current assets, comprised of cash and cash equivalents, investments, and the portion of promises to give and receivables due within one year, increased by \$34.57 million or 115% during fiscal year 2021. The increase in current assets in fiscal year 2021 was attributable to the net effect of positive investment returns, a promise to give, and the receivable from the College becoming current during fiscal year 2021. Current assets tend to be fairly stable from year to year but may increase or decrease depending on the timing of certain types of transactions. Noncurrent assets consist primarily of endowed investments, the portion of receivables due beyond one year, and other assets held for sale. Noncurrent assets decreased by \$5.72 million or 15% during fiscal year 2021, compared to a \$1.81 million increase or 5% during fiscal year 2020. The decrease in noncurrent assets in fiscal year 2021 was attributable to the net effect of the College's plan to repay the transfer of \$6.34 million during fiscal year 2022, thus moving it from noncurrent to current.

Liabilities

Current liabilities are comprised of amounts payable at the end of the fiscal year that are due within a year. Current liabilities increased by \$27 thousand from the prior year due to the timing of payment of certain expenses. Total liabilities and net position increased by \$28.83 million or 42% for fiscal year 2021 compared to a decrease of \$6.98 million or 9% for fiscal year 2020.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2021 and 2020

Condensed Schedule of Revenues, Expenses, and Change in Net Position

	Year Ended March 31, 2021	Change		Year Ended March 31, 2020	Change		Year Ended March 31, 2019
Operating revenue and expenses							
Operating revenue	\$ 4,740,585	\$ 1,945,457	70%	\$ 2,795,128	\$ 347,997	14%	\$ 2,447,131
Operating expenses	5,594,947	1,220,246	28%	4,374,701	(325,157)	-7%	4,699,858
Operating loss	(854,362)	725,211	46%	(1,579,573)	673,154	30%	(2,252,727)
Nonoperating income (loss)	29,058,473	36,117,963	512%	(7,059,490)	(9,729,584)	-364%	2,670,094
Changes to permanent endowments	621,434	(1,053,606)	-63%	1,675,040	(869,545)	-34%	2,544,585
Change in net position	28,825,545	35,789,568	514%	(6,964,023)	(9,925,975)	-335%	2,961,952
Net position, beginning of year	67,968,488	(6,964,023)	-9%	74,932,511	2,961,952	4%	71,970,559
Net position, end of year	<u>\$ 96,794,033</u>	<u>\$ 28,825,545</u>	<u>42%</u>	<u>\$ 67,968,488</u>	<u>\$ (6,964,023)</u>	<u>-9%</u>	<u>\$ 74,932,511</u>

The condensed schedules of revenue, expenses, and change in net position reflect operating and nonoperating revenue and expenses, and changes to permanent endowments for fiscal years 2021, 2020, and 2019.

Operating Revenue

Operating revenue for the Foundation consists of recognizable expendable charitable gifts, pledges, in-kind support from the College and others, and administrative fees earned on the investment portfolio. This revenue can fluctuate significantly each year depending on gifts received and changes in support from the College. Operating revenue increased in fiscal year 2021 by \$1.95 million or 70% compared to fiscal year 2020 and increased \$348 thousand or 14% in fiscal year 2020 compared to fiscal year 2019.

Operating Expenses

Operating expenses consist primarily of grants made to the College of expendable contribution fund balances. These grants are made for purposes that comply with donor restrictions placed on contributions in support of many College programs and needs, including student aid, and faculty and general departmental support. The timing of these grants to the College typically lags in comparison to the timing of the incoming contribution revenue and endowed payouts. Changes in the amounts of grants made to the College annually occur in relation to the College's needs for use of the funds or the timing of expenditures made on capital projects funded by contributions. Due to these factors, and similar to fiscal years 2020 and 2019, in fiscal year 2021, scholarships and grants made to the College exceeded contribution revenue, resulting in operating losses.

Nonoperating Revenue and Expenses

Nonoperating revenue relates primarily to the Foundation's investment portfolio returns. The Foundation uses a balanced and diversified approach to its portfolio asset mix within a stated investments policy. In any one year, certain components of the portfolio may perform better than others. In fiscal year 2021, nonoperating revenue increased by \$36.12 million or 512%, compared to a decrease of \$9.73 million or 364% for fiscal year 2020 and a decrease of \$5.46 million or 67% for fiscal year 2019. The losses in fiscal year 2020 were primarily due to the impact of COVID-19 on the financial markets and the timing of the Foundation's year end.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2021 and 2020

Nonoperating Revenue and Expenses (Continued)

The Foundation places a high priority on increasing the gifts to, and the return on, the endowment. The timing of these gifts is unpredictable and may vary significantly from year to year. Endowed gifts received in fiscal year 2021 were lower than in fiscal years 2020 and 2019. The size of the endowment relates directly with providing permanent resources for the benefit of the College and its students.

Factors Impacting Future Periods

Factors that can significantly impact future periods include the state of the overall economy, tax law changes, and the financial markets, which impact charitable giving and the value of investments. The Board of Directors of the Foundation monitors the status of the economy, its impact on overall giving, and the investment portfolio.

Charitable support is an important resource to the College. The Foundation anticipates a higher rate of use of Foundation held funds in the future in the form of grants to support student scholarships and College programs.

The outbreak of COVID-19 was declared a pandemic in fiscal year 2020 by the World Health Organization. During fiscal year 2021, the pandemic affected travel, commerce, and financial markets globally. As COVID-19 vaccines and improved medical treatment continue within the State of Florida, the United States of America, and globally, the future impact to the Foundation is uncertain. Future impact will likely depend on the status of financial markets.

Management is not aware of any factors within management's control that would have a significant impact on future periods.

Questions concerning this report or requests for additional information should be addressed to:

Jesse Turtle, Executive Director
St. Petersburg College Foundation, Inc.
PO Box 13489 | St. Petersburg, FL 33733

BASIC FINANCIAL STATEMENTS

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Net Position

	March 31,	
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,936,354	\$ 1,770,781
Unconditional promise to give	800,000	-
Due from St. Petersburg College	6,338,905	-
Investments	55,606,719	28,336,628
Other asset	-	734
Total current assets	64,681,978	30,108,143
Noncurrent assets		
Due from St. Petersburg College	-	6,342,725
Endowment investments	32,111,406	31,489,971
Other assets held for sale	27,649	27,649
Total assets	\$ 96,821,033	\$ 67,968,488
Liabilities and net position		
Current liabilities		
Accounts payable	\$ 27,000	\$ -
Net position		
Restricted		
Expendable	60,190,748	32,313,819
Nonexpendable	32,111,405	31,489,972
Unrestricted	4,491,880	4,164,697
Total net position	96,794,033	67,968,488
Total liabilities and net position	\$ 96,821,033	\$ 67,968,488

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Revenue, Expenses, and Change in Net Position

	<u>Year Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating revenue		
Contributions	\$ 4,740,585	\$ 2,795,128
Operating expenses		
Program services		
Scholarships	2,643,618	2,174,592
Grants to St. Petersburg College	1,513,518	1,303,333
Forum and events	8,820	34,663
	<u>4,165,956</u>	<u>3,512,588</u>
Administrative		
Personnel services	475,587	334,286
Other	162,226	99,622
	<u>637,813</u>	<u>433,908</u>
Fundraising		
Personnel services	475,587	334,286
Development	178,982	38,434
Other	136,609	55,485
	<u>791,178</u>	<u>428,205</u>
Total operating expenses	<u>5,594,947</u>	<u>4,374,701</u>
Operating loss	(854,362)	(1,579,573)
Nonoperating income (loss)		
Investment income, net of fees	176,933	772,238
Net change in investments	28,881,540	(7,845,597)
Other income	-	13,869
Total nonoperating income (loss)	<u>29,058,473</u>	<u>(7,059,490)</u>
Income (loss) before changes to permanent endowments	28,204,111	(8,639,063)
Changes to permanent endowments		
Contributions	405,811	1,716,346
Investment income, net of fees	6,313	9,118
Net change in investments	209,310	(50,424)
Total changes to permanent endowments	<u>621,434</u>	<u>1,675,040</u>
Change in net position	28,825,545	(6,964,023)
Net position at beginning of year, as previously reported		76,020,881
Unwinding of remainder interest in trust		<u>(1,088,370)</u>
Net position at beginning of year	<u>67,968,488</u>	<u>74,932,511</u>
Net position at end of year	<u>\$ 96,794,033</u>	<u>\$ 67,968,488</u>

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Cash Flows

	Year Ended March 31,	
	2021	2020
Cash flows from operating activities		
Gifts received from donors and grantors	\$ 2,181,544	\$ 1,543,598
Payments to vendors	(333,431)	(138,663)
Payments for scholarships	(2,643,618)	(2,174,592)
Payments for programs	(1,522,338)	(1,337,996)
Net cash used in operating activities	(2,317,843)	(2,107,653)
Cash flows from noncapital financing activities		
Endowment contributions received	405,812	1,716,346
Other income	-	13,869
Net cash provided by noncapital financing activities	405,812	1,730,215
Cash flows from investing activities		
Proceeds from sale of investments	2,242,879	1,604,018
Proceeds from sale of other assets held for sale	-	9,101
Purchase of investments	(165,275)	(303,552)
Net cash provided by investing activities	2,077,604	1,309,567
Net change in cash and cash equivalents	165,573	932,129
Cash and cash equivalents, beginning of year	1,770,781	838,652
Cash and cash equivalents, end of year	\$ 1,936,354	\$ 1,770,781
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (854,362)	\$ (1,579,573)
Adjustments to reconcile operating loss to net cash used in operating activities		
Foundation fee	(694,301)	(509,510)
Changes in:		
Pledge receivable	(800,000)	-
Due from St. Petersburg College	3,820	(3,820)
Accounts payable	27,000	(14,750)
Net cash used in operating activities	\$ (2,317,843)	\$ (2,107,653)

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 1 – Organization

Nature of operations – St. Petersburg College Foundation, Inc. (“Foundation”) is a Florida nonprofit corporation. The Foundation was formed in September 1980 and is governed by a 15-member Board of Directors (“Board”). The primary purposes of the Foundation are to be a community advocate for St. Petersburg College (“College”) and to encourage charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts donations to enhance the College’s many and varied teaching and public service programs, as well as to support capital projects, and other related College improvements.

Reporting entity – The College provides the resources necessary to cover the costs of the operation and administration of the Foundation’s activities, including personnel, facilities, and administration. The Foundation’s primary expenditures are related to providing scholarships to students attending the College and grants made to the College in support of campus needs, in compliance with donor restrictions on gifts.

The Foundation is a direct support organization of the College, and its financial statements are presented in the College’s financial statements as a component unit.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is presented below.

Basis of accounting – The Foundation follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for governmental business-type activities. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. As a general rule, the effects of interfund activities have been eliminated from the Foundation’s financial statements. The Foundation reports as an entity engaged in one business-type activity.

Classification of current and noncurrent assets and liabilities – The Foundation considers assets to be current if, as part of its normal business operations, they are held as or can be converted to cash and be available for operating needs or payments of current liabilities within 12 months of the statement of net position date. Similarly, liabilities are considered to be current if they can be expected, as part of normal Foundation business operations, to be due and paid within 12 months of the statement of net position date. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents – The Foundation’s cash and cash equivalents consist of demand deposits, money market accounts, and cash held in investment accounts, which are used to deposit Foundation contribution receipts and make transfers to the College to expend in accordance with donor restrictions.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor and the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per depositor. In addition, the Foundation maintains accounts that qualify as public depositories pursuant to Chapter 280, Florida Statutes. Foundation accounts maintained in accordance with Chapter 280, are not liable for losses. Any losses to public depositors are satisfied first through any applicable deposit insurance, and then through the sale of collateral pledged or deposited by the defaulting depository.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Unconditional promise to give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future periods are initially recorded at estimated fair value determined using the discounted present value of expected cash flows, net of an allowance for uncollectable promises to give. The discount rates are determined at the time the unconditional promise to give is initially recorded based on the risk and term of the gift.

Investments – Investments are carried at fair value. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations. In the case of pooled funds or mutual funds, the fair value is determined by multiplying the number of units held in the pool by the prices per unit share as quoted by the broker and/or investment manager. The net change in the fair value of investments consists of both realized and unrealized gains and losses on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

Other assets held for sale – Other assets held for sale are assets that have been donated and were recorded at fair value on the date of transfer. The donor has specified that the item be sold, and the majority of the proceeds are to be used for specific purposes as designated by the donor. These are part of the restricted - expendable net position.

Fair value measurements – The Foundation categorizes its fair value measurements within the fair value hierarchy established by GASB 72. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are organized into hierarchy based on the levels of inputs observable in the marketplace that are significant to the fair value measurement, as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible for identical assets or liabilities. Level 1 investments include publicly traded securities, exchange traded funds, mutual funds, and certain exchange change derivatives (warrants, rights, options, futures).

Level 2 – Inputs to the valuation methodology are quoted prices in the markets that are not considered active, dealer quotations, or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable either directly or indirectly. Level 2 investments include certain fixed or variable income securities and institutional funds not listed in active markets.

Level 3 – Inputs to the valuation methodology are unobservable and significant to their fair value measurements. Level 3 investments include remainder interests in trusts and estates.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

The following is a description of the valuation methodologies used for the Foundation's investments measured at fair value:

Equity securities – The fair value of equity securities reflects market closing prices reported from publicly traded exchanges and are recorded as Level 1.

Fixed income mutual funds – Funds are reported as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis.

Equity mutual funds – Funds are measured at fair value using quoted market prices and are recorded as Level 1 as they are traded in an active market for which closing prices are readily available.

Real estate investment trusts – The fair value of these investments reflects market closing prices reported from publicly traded exchanges and are recorded as Level 1.

Federal agency obligations – Investments are recorded as Level 2 and are measured based on quoted prices for similar securities in active markets.

Capital assets – Property and equipment with a cost in excess of \$5,000 and an estimated life in excess of one year are capitalized. When appropriate, depreciation is provided using the straight-line method over the estimated useful lives of the assets. Capital assets were fully depreciated for the years ended March 31, 2021 and 2020.

Donated property – Property contributed to the Foundation is recorded at fair value on the date contributed. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Collections – Collections donated to the Foundation are not capitalized. It is the policy of the Foundation not to purchase any collections. The Foundation has received gifts of donated art objects, microfilm, and microfiche that will be held for educational purposes. The donor agreements for the art objects require that the artwork be stored or displayed in perpetuity in a museum. Collections are held for exhibition to the public and for educational purposes, not for financial gain. Collections are appropriately protected, cared for, and preserved in order to maintain the cultural, aesthetic, and historical value of the collections perpetually.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Remainder interest in trusts – During the year ending March 31, 2021, management received additional information from the donor of the remainder interest in trusts that were recorded on the books of the Foundation in 1996. This additional information prompted management to unwind the contributions at the beginning of the earliest year presented in these financial statements as the additional information appears to support these contributions as being conditional. The result of this unwinding is a reduction of restricted - expendable net position of approximately \$693,000, a reduction of restricted - nonexpendable net position of approximately \$341,000, reduction of the change in value of split interest agreements of approximately \$54,000, and removal of remainder interest in trusts from the statements of net position totaling approximately \$1,034,000.

Net position – The Foundation’s net position is classified into the following net position categories:

Restricted - expendable – Assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. These assets may include accumulated appreciation on the endowment funds, accumulated endowment spending allocations, and restricted - expendable funds.

Restricted - nonexpendable – Assets subject to externally imposed conditions that the Foundation will retain in perpetuity. This classification of net position represents the net corpus of true donor-restricted endowed funds. To the extent that the market value of a fund is below its historical cost (corpus), the difference is recorded as unrestricted in the statements of net position.

Unrestricted – All other categories.

Endowment spending policy – The Foundation’s endowed funds are managed in an investment pool in accordance with the Foundation’s board-approved investment policy and the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”). The FUPMIFA provides statutory guidance for management, investment, and expenditure of endowed funds. Investment decisions are based on a long-term investment strategy intended to preserve the investment capital and its purchasing power, meet payout requirements, and maximize the endowment portfolio’s long-term total return. At March 31, 2021 and 2020, the Foundation’s endowment portfolio target mix was 70% invested in equity and 30% in fixed income holdings with further refinement regarding the types of positions held within those general classes. The Foundation, through its finance and investment advisory committee, continues to monitor and review the investment policy and asset mix to enhance the long-term performance of the endowment investments.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Endowment payout rate – The Foundation’s finance and investment advisory committee establishes the endowment payout rate annually, giving prudent consideration to asset allocation, expected returns, future capital market assumptions, inflation, and other market conditions and the expendable income needs of the endowment fund holders. The rate for the years ended March 31, 2021 and 2020, was 4.5%. Endowment payout is calculated by multiplying the payout rate by the market value of investments at the end of the fiscal year on accounts held less than five years or by the five-year average fair value for all other accounts. For endowed funds with a fair value that is less than historical cost (corpus), referred to as "underwater funds", payout is not limited to actual cash income earned under the FUPMIFA. The FUPMIFA allows for the expenditure of the endowment fund as the governing body determines to be prudent for the uses and purposes of which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund, without regard to the source of the payout.

Classification of revenues and expenses – Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. The Foundation considers operating revenue and expenses in the statement of revenues, expenses, and change in net position to be revenue and expenses that result from activities that are connected directly to the Foundation’s primary functions. Such transactions include contributions received and scholarships and grants the Foundation makes to the College. The Foundation has no revenue from exchange transactions that would be considered operating revenue. Certain other transactions are reported as nonoperating income and loss. These nonoperating activities include the Foundation’s noncapital financing activities and net investment income (loss).

Contributions and pledges – Contributions, including unconditional promises to give, are recorded as revenue when all eligibility requirements are met. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions designated by donors to be used in future years are recorded as restricted - expendable until such time restrictions have elapsed. Contributions that are restricted by the donor are reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net position restricted - expendable or nonexpendable depending on the nature of the restriction. When a restriction expires, net position restricted - expendable is reclassified to unrestricted net position.

Unconditional promises to give, are initially recognized at fair value as revenues in the period the promise is received. If management expects cash from unconditional promises to give to be received more than one year in the future, contribution revenue and associated receivable are discounted for the time value of money at a rate commensurate with the risk and term of the gift.

Donated items – The value of donated securities, materials, services, small equipment, land, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods or services received at the time of the donation. Employees of the College operate the Foundation. The College also provides office space for the Foundation as well as other miscellaneous supplies and services. These items are all recognized as in-kind contribution revenue and expenses.

Investment income – Investment income and net change in investments from restricted contributions are recorded as increases or decreases to net position restricted - expendable or nonexpendable, in accordance with donor stipulations.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Foundation fee – The Foundation assesses an administrative fee on all funds maintained to cover expenses associated with the management of those assets over time. The fee is calculated quarterly, is deducted from the interest and dividend revenues of the individual funds and is included in operating revenue. The fee was 1% annually for the year ended March 31, 2021 and 0.75% annually for the year ended March 31, 2020.

Program services expenses – Scholarship and program expenses paid to the College are recognized as expenses and liabilities when commitment to pay the scholarship and program expenses is made, not when cash is paid.

Functional expenses – Operating expenses of the Foundation other than program services are allocated to functional categories based on management’s estimate of the time and expense spent for each of the functions. These functions are defined as follows:

Administrative – The costs of operating the Foundation offices, including gathering, processing, and maintaining financial and legal information.

Fundraising – The costs associated with the direct solicitation of contributions to the Foundation.

Application of restricted resources – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Foundation’s policy is to apply restricted resources first.

Use of estimates – The preparation of financial statements in accordance 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 and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes – The Foundation is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Foundation is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

Note 3 – Cash, Cash Equivalents, and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment GASB Statement No. 3* (“GASB 40”), the Foundation’s investments are reported by investment type at fair value in the table below. GASB 40 also requires the disclosure of various types of investment risk based on the type of investment, as well as stated policies adopted by the Foundation to manage those risks.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

Cash, cash equivalents, and investments consist of the following as of March 31:

	2021	2020
Cash and cash equivalents		
Commercial banks	\$ 917,506	\$ 477,717
Money markets	1,018,848	1,293,064
Total cash and cash equivalents	1,936,354	1,770,781
Investments		
U.S. government obligations	704,475	1,301,980
Federal agency obligations	2,205,919	2,621,463
Bonds and notes	10,866,016	9,224,683
Equity securities	69,824,384	42,946,053
Mutual funds	3,837,135	2,756,762
Real estate investment trusts	280,196	975,658
Total investments	87,718,125	59,826,599
Total cash, cash equivalents, and investments	\$ 89,654,479	\$ 61,597,380
Current - cash and cash equivalents	\$ 1,936,354	\$ 1,770,781
Current - investments	55,606,719	28,336,628
Noncurrent - endowment investments	32,111,406	31,489,971
	\$ 89,654,479	\$ 61,597,380

The following are maturities and credit quality ratings for the Foundation's investments at March 31:

Investment Type	Fair Value	2021				Ratings	
		Investment Maturities (in Years)				S&P	Moody's
		Less than 1	1 to 5	6 to 10	More than 10		
Investments							
U.S. government obligations	\$ 704,475	\$ 118,899	\$ 246,990	\$ 338,586	\$ -	(1)	(1)
Federal agency obligations	2,205,919	40,732	428,874	742,631	993,682	AA+	Aaa
Bonds and notes	10,866,016	223,894	2,477,507	2,720,422	5,444,193	AAA-N/A	Aaa-N/R
Fixed income mutual fund (2)	91,113	-	-	91,113	-	AAA	
Fixed income mutual fund (2)	152,086	-	152,086	-	-	AAA-BBB	
Fixed income mutual fund (2)	74,365	-	-	-	74,365	AAA-N/R	
Fixed income mutual fund (2)	2,156,998	-	-	2,156,998	-	AAA-N/A	Aaa-N/A
Fixed income mutual fund (2)	940,686	-	-	-	940,686	BBB-BB	Bbb-Bb
Real estate investment trusts	280,196	280,196	-	-	-	Not rated	
Equity mutual funds	421,887	421,887	-	-	-	Not rated	
Equity securities	69,824,384	69,824,384	-	-	-	Not rated	
Total investments	\$ 87,718,125	\$ 70,909,992	\$ 3,305,457	\$ 6,049,750	\$ 7,452,926		

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

Investment Type	Fair Value	2020				Ratings	
		Investment Maturities (in Years)				S&P	Moody's
		Less than 1	1 to 5	6 to 10	More than 10		
Investments							
U.S. government obligations	\$ 1,301,980	\$ 92,009	\$ 276,024	\$ 933,947	\$ -	(1)	(1)
Federal agency obligations	2,621,463	84,318	416,790	619,094	1,501,261	AA+	Aaa
Bonds and notes	9,224,683	243,351	2,381,778	1,638,626	4,960,928	AAA-D	AAA-Ca
Fixed income mutual fund	100,705	-	-	100,705	-	AAA	
Fixed income mutual fund (2)	162,645	-	162,645	-	-	AAA-BB	
Fixed income mutual fund (3)	70,673	-	-	-	70,673	AAA-N/R	
Fixed income mutual fund	1,430,385	-	-	1,430,385	-	AAA-N/A	Aaa-N/A
Fixed income mutual fund	776,404	-	-	-	776,404	BBB-BB	Bbb-Bb
Real estate investment trusts	975,658	975,658	-	-	-	Not rated	
Equity mutual funds	215,950	215,950	-	-	-	Not rated	
Equity securities	42,946,053	42,946,053	-	-	-	Not rated	
Total investments	<u>\$ 59,826,599</u>	<u>\$ 44,557,339</u>	<u>\$ 3,237,237</u>	<u>\$ 4,722,757</u>	<u>\$ 7,309,266</u>		

- (1) Disclosure of credit risk is not required for this investment type.
(2) These fixed income mutual funds have a weighted average maturity of <5 years.
(3) Components of these funds have credit ratings that range from AAA to NR.

Investment income from these investments is summarized as follows for the years ended March 31:

	2021	2020
Net change in investments	\$ 29,090,850	\$ (7,896,021)
Interest and dividends	1,493,421	1,899,403
Investment fees	(1,310,175)	(1,118,047)
	<u>\$ 29,274,096</u>	<u>\$ (7,114,665)</u>

There are many factors that can affect the value of investments, including:

Credit risk – Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard and Poor's. The lower the rating, the greater the chance that the bond issuer will default or fail to meet payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk. The Foundation maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25% of a manager's fixed income portfolio. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, have little or no credit risk.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 3 – Cash, Cash Equivalents and Investments (Continued)

Interest rate risk - Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities.

The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. Investments in securities of a single issue (with the exception of U.S. Government, Fannie Mae, and Government Agencies) may not exceed 5% of total assets with each money manager, and policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchase represents no more than 25% of a manager's fixed income portfolio. As of March 31, 2021 and 2020, the Foundation has \$13,776,410 and \$13,148,126, respectively, in obligations of the U.S. government, federal agencies, and bonds and notes that include embedded options consisting of the option at the discretion of the issuer to call their obligation.

Concentration of credit risk – Concentration of credit risk is the risk of loss associated with a lack of diversification, having too much invested in a few individual issuers, thereby exposing the Foundation to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae, and government agencies are not considered by management to be a concentration of credit risk.

The Foundation's policy provides that investments in fixed income securities of a single issue must not exceed 5% of fair value total investment assets with each money manager. U.S. government and federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15% of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case should an individual security be purchased that exceeds 5% of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 70% in equities and 30% in fixed income.

Custodial credit risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the Foundation will not be able to recover the value of its investments.

The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions, and as such, are exposed to custodial credit risk. From time to time the Foundation holds deposits in excess of the amount insured by the FDIC and the SIPC. Management believes that the risk of loss on these deposits is remote.

Foreign currency risk – Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. As of March 31, 2021 and 2020, the investment portfolio does not hold any foreign bonds. While foreign securities are held in an international equity account, they are held as American depository receipts ("ADR's"), which are denominated in U.S. dollars and trade like U.S. domestic equities on U.S. domestic stock exchanges. Under the Foundation's investment policy, there is no provision to purchase individual foreign-denominated securities.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 3 – Cash, Cash Equivalents and Investments (Continued)

Fair value measurements – The Foundation’s Level 1 investments primarily consist of publicly traded equity securities, mutual funds, and exchange traded funds. Level 2 investments primarily consist of Federal agency obligations and corporate bonds. The Foundation does not hold any Level 3 or Net Asset Value (“NAV”) investments in its portfolio.

The following summarizes the investments and other assets reported at fair value within the fair value hierarchy as of March 31:

Asset Type	2021			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 69,824,384	\$ 69,824,384	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	2,910,394	704,475	2,205,919	-
Other U.S. dollar denominated	14,983,347	4,117,331	10,866,016	-
Other assets held for sale	27,649	27,649	-	-
Total assets in the fair value hierarchy	<u>\$ 87,745,774</u>	<u>\$ 74,673,839</u>	<u>\$ 13,071,935</u>	<u>\$ -</u>

Asset Type	2020			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 42,946,053	\$ 42,946,053	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	3,923,443	1,301,980	2,621,463	-
Other U.S. dollar denominated	12,957,103	3,732,421	9,224,682	-
Other assets held for sale	27,649	27,649	-	-
Total assets in the fair value hierarchy	<u>\$ 59,854,248</u>	<u>\$ 48,008,103</u>	<u>\$ 11,846,145</u>	<u>\$ -</u>

Note 4 – Related Party Transactions

St. Petersburg College

The Foundation is related to the College by virtue of its primary purpose, which is to engage in activities to foster, promote, and provide funds to or for the benefit of the College and its students. During the years ended March 31, 2021 and 2020, the Foundation provided scholarships and program expenses to the College of approximately \$4,166,000 and \$3,513,000, respectively.

The Foundation permanently loaned the Leepa-Rattner-Gentle art collection to the College for \$1. The College loaned the collection to The Leepa-Rattner Museum of Art, Inc. (“Museum”).

During the year ended March 31, 2018, the Foundation transferred to the College approximately \$6.34 million from funds held by the Foundation for the Institute for Strategic Policy Solutions, Inc. (“Institute”). This transfer was non-interest bearing and is classified current in the statement of net position because the College repaid the amount to the Foundation in June 2021.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 4 – Related Party Transactions (Continued)

St. Petersburg College (Continued)

The College provides the office space for the Foundation to operate without charge. Management estimates fair value of the annual rent, including utilities, to be approximately \$24,000 for each of the years ended March 31, 2021 and 2020. The College also provides the employees to operate the Foundation at an estimated cost of approximately \$951,000 and \$669,000 for the years ended March 31, 2021 and 2020, respectively. The College provided other miscellaneous services and supplies in estimated amounts of approximately \$6,000 and \$35,000 for the years ended March 31, 2021 and 2020, respectively. These donated amounts are recognized in the statements of revenues, expenses, and change in net position as operating revenue as a part of contributions and various elements of operating expenses. The College provides the insurance for the Foundation; however, an allocation for the insurance cost cannot be determined at this time.

During the years ended March 31, 2021 and 2020, the Foundation received cash donations from members of the Board, corporations, and organizations affiliated with directors of the Board. One Board member has established an endowment at the Foundation and two have established named scholarship funds.

The Leepa-Rattner Museum of Art, Inc.

Within the Foundation is an endowment fund appropriated for the Museum valued at approximately \$3.0 million and \$2.1 million at March 31, 2021 and 2020, respectively.

During the years ended March 31, 2021 and 2020, the Foundation provided approximately \$97,000 and \$83,000, respectively, to the Museum from earnings on the Museum's endowment at the Foundation. Additionally, the Foundation pays for the insurance on the Leepa-Rattner-Gentle art collection at a cost of approximately \$15,000 per year.

Institute for Strategic Policy Solutions, Inc.

The Institute is a legally separate 501(c)(3) support organization created to advance academic excellence, community engagement, economic vitality, and public understanding through high-quality, solutions-directed public policy programs. The Foundation reflects this balance in the financial statements as part of investments.

The Foundation holds restricted assets appropriated for the Institute totaling approximately \$7.9 million and \$5.5 million as of March 31, 2021 and 2020, respectively. During the years ended March 31, 2021 and 2020, respectively, the Institute received approximately \$427,000 and \$320,000 from the assets held by the Foundation for the Institute.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 5 – In-Kind Contributions

In-kind contributions are included in contributions in the statements of revenues, expenses, and change in net position. The majority of in-kind contributions are from the College. The remainder of in-kind contributions are from individuals or corporations. Management estimates that the fair value of in-kind contributions are as follows for the years ended March 31:

	2021	2020
Materials and supplies	\$ 87,055	\$ 10,772
Contributions in-kind from the College		
Donated personnel	951,174	668,572
Facilities	24,326	24,324
Services, materials, and supplies	6,006	34,529
	981,506	727,425
	\$ 1,068,561	\$ 738,197

Note 6 – State Matching Funds

The Foundation qualifies as a recipient of state matching funds under the Dr. Philip Benjamin Matching Program for Community Colleges. Under the grant agreement, the Foundation receives dollar-for-dollar matching funds from the state of Florida for all contributions that are restricted to financial aid and scholarships. All other contributions received are matched on a \$4 for \$6 basis.

The State Legislature has not appropriated funding for this program since 2007. Due to the significant backlog of unmatched gifts, the 2011 Legislature decided to enact a freeze on matching any new donations received on or after June 30, 2011, until at least \$200 million of the existing backlog has been paid down. Donations already received, or those received by June 29, 2011, remain eligible for state matching funds once those funds become available. The State Legislature has not awarded this grant.

Note 7 – Net Position Restricted - Expendable

Net position restricted - expendable was available for the following purposes at March 31:

	2021	2020
Program support	\$ 38,379,307	\$ 23,603,029
Scholarships and grants to students	20,695,935	8,189,358
Awards for endowed teaching chairs	603,977	250,634
Student recognition awards	511,529	270,798
	\$ 60,190,748	\$ 32,313,819

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 7 – Net Position Restricted – Expendable (Continued)

Changes in restricted - expendable net position are as follows for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Restricted - expendable at beginning of year	\$ 32,313,819	\$ 41,334,201
Contributions	2,942,147	1,452,206
Release of restrictions	(4,123,691)	(3,399,229)
Investment return		
Investment income, net	176,933	772,238
Net appreciation of investments	28,881,540	(7,845,597)
Total investment return	<u>29,058,473</u>	<u>(7,073,359)</u>
Restricted - expendable at end of year	<u>\$ 60,190,748</u>	<u>\$ 32,313,819</u>

Releases from donor restrictions were recognized because the Foundation incurred expenses satisfying restricted purposes as follows during the years ended March 31:

	<u>2021</u>	<u>2020</u>
Scholarship expenses	\$ 2,643,618	\$ 2,174,592
Capital project construction	20,000	21,009
Other program expenses	1,457,573	953,290
Other operating expenses	-	15,180
Change in donor restrictions	2,500	235,158
	<u>\$ 4,123,691</u>	<u>\$ 3,399,229</u>

Note 8 – Net Position Restricted - Nonexpendable

Net position restricted - nonexpendable consist of donor-restricted assets (“endowments”) subject to the spending policy of the Foundation. The income from these endowments is sometimes restricted for a specific purpose by the donor. Realized and unrealized gains and losses on endowments are recorded as unrestricted, restricted - expendable or nonexpendable, consistent with interest and dividend income treatment, unless otherwise specified by the donor.

Net position restricted - nonexpendable is summarized as follows as of March 31:

	<u>2021</u>	<u>2020</u>
Program support	\$ 10,023,467	\$ 9,846,485
Scholarships and grants to students	21,243,425	20,845,772
Awards for endowed teaching chairs	598,753	552,074
Student recognition awards	245,760	245,641
	<u>\$ 32,111,405</u>	<u>\$ 31,489,972</u>

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2021 and 2020

Note 8 – Net Position Restricted - Nonexpendable (Continued)

Changes in restricted - nonexpendable net position are as follows for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Restricted - nonexpendable at beginning of year	\$ 31,489,972	\$ 29,978,899
Contributions	405,811	1,716,346
Reclassifications	(1)	(163,967)
Investment return		
Investment income, net	6,313	9,118
Net appreciation of investments	209,310	(50,424)
Total investment return	<u>215,623</u>	<u>(41,306)</u>
Restricted - nonexpendable at end of year	<u>\$ 32,111,405</u>	<u>\$ 31,489,972</u>

Certain donors changed their restrictions during the years ended March 31, 2020 and 2019, resulting in reclassifications of net assets.

Note 9 – Unrestricted Designated Net Position

The Foundation has a board designated endowment fund recorded as unrestricted net assets which was designated by the Board in 2017 with the proceeds from a BP Deepwater Horizon settlement. The Board decides the use of these funds on an annual basis.

Since these funds are not the result of donor-imposed or contractual restrictions, they are reflected as a component of unrestricted net position on the statement of net position. As of March 31, 2021 and 2020, the amount of board designed unrestricted net position was \$913,861 and \$630,401, respectively.

Note 10 – Subsequent Events

The Foundation has evaluated subsequent events through July 27, 2021, the date which the financial statements were available to be issued. No events, other than those described in Note 4, have occurred subsequent to the statement of net position date, that would require adjustment to, or disclosure in, the financial statements.

OTHER UNAUDITED INFORMATION

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
March 31, 2021

The Foundation has received various gifts of donated art objects, microfilm, and microfiche, being held for education purposes, which are not reflected on the financial statements. They include:

1. Wendall Ware Microfilm Collection - A collection of 25,000,000 images. Independently appraised to be worth \$1,932,447.
2. Canadian Donors Art Collections - A collection of contemporary prints and artists' proofs. Independently appraised to be worth \$988,653.
3. Anonymous Oriental Art Objects Collection -A collection of Chinese Qing dynasty and Japanese Taisno, Heisei, and Showa Period objects d'art. Independently appraised to be worth \$44,275.
4. Abraham Rattner, Allen Leepa, and Esther Gentle Art Collection - Over 5,000 artworks with an estimated fair market value of \$22 million.
5. Two art quilts by Pauline Salzman. Independently appraised to be worth \$5,600 and \$4,000.
6. Contemporary Florida Art Collection and American Fine Crafts from the Gulf Coast Museum of Art. Independently appraised to be worth \$544,210.
7. Stella Anderson Photographs - A collection of 10 black and white photographs of downtown St. Petersburg donated by Stella Anderson with an estimated fair market value of \$2,500.
8. Martha Campbell painting with an estimated fair market value of \$800.
9. Florence Putterman Paintings - Two paintings with an estimated fair market value of \$1,600.
10. Victoria Block Pieces -A collection of nine wall-mounted oil on ceramic pieces with an estimated fair market value of \$3,500.
11. Jack King Piece - A mixed-media wall construction art piece with an estimated fair market value of \$1,100.
12. Jack Barrett painting - "Knight of the Brownstones" with an estimated fair market value of \$6,800.
13. Winslow Homer - A collection of prints (370). Estimated fair market value \$46,955.
14. Original drawings and watercolors by Joseph Weinzette (14). Donated by Joseph Weinzette. Estimated fair market value of \$5,800.
15. Digital print by Robert Derr donated by the artist. Estimated fair market value of \$1,100.
16. Paintings (26) by various artists and art books (11), donated by John and Betty Milson. Estimated fair market value of \$14,500.
17. Four ethnographic sculptures and one decorative lamp, donated by Rita Scott estate. Estimated fair market value of \$21,700.
18. Carved Bass Wood - Golden Retriever "Buddy" by Mark Noll. Estimated fair market value of \$750.
19. 12 works by David P. Anderson. Donated by Lawrence Konrad & Robert Pope. Not valued.
20. Paintings (2) by Joseph Weinzette; Portrait of an African Girl and Urban Landscape. Estimated fair market value of \$1,200.
21. Paintings by D. Anderson - Russian Peasant and My Heart Greatly Rejoices. Estimated fair market value of \$5,000 and \$9,000 respectively.
22. Painting by W. Nelson - Stage Coach. Estimated fair market value of \$4,500.
23. Painting by Lisa Williamson - Kentucky Landscape, painting by Mary Bassham - Still Life with Tea Pot and untitled painting by Maria Calandra, donated by Ken Rollins. Estimated fair market value of \$9,500.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
March 31, 2021

- 24. Collection of ceramic Panamanian/pre-Columbian artifacts donated by Lourdes Oliveira. Not valued.
- 25. Dog with Dragon Fly Sculpture. Estimated fair market value of \$885.
- 26. Mixed media artwork "Landscape" by Morgan. Estimated fair market value of \$2,800.
- 27. Japanese Tatami Mats (2). Estimated fair market value of \$4,200.
- 28. 30 Painting/Sculptures. Estimated fair market value of \$1.
- 29. Robert Wood Landscape with Stream. Estimated fair market value of \$5,600

Total fair market value: \$25,668,976



PRIDA, GUIDA & PEREZ, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Directors
St. Petersburg College Foundation, Inc.

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. Petersburg College Foundation, Inc. ("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 July 27, 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 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 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.


**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 (Continued)***

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 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.



Prida Guida Perez P.A.
Tampa, Florida
July 27, 2021

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Findings and Responses
March 31, 2021

I. Current year financial statement findings

A. No matters to report

II. Prior year financial statement findings (*summarized from finding issued by predecessor auditor*)

A. Internal control

2020-001: Irrevocable split interest agreements

Criteria - Governmental Accounting Standards Board, Statement No. 81, *Irrevocable Split Interest Agreements* (“GASB 81”), establishes the accounting treatment for irrevocable split-interest agreements. In accordance with GASB 81; if a third-party is the intermediary of a split-interest agreement, a government should recognize an asset and a deferred inflow of resources when the government becomes aware of the agreement, determines it to be irrevocable, and has sufficient information to measure the beneficial interest.

The beneficial interest asset initially should be measured at fair value and then subsequently remeasured at fair value at each financial reporting date. Changes in the fair value of the beneficial interest asset also should be recognized as an increase or a decrease in the related deferred inflow of resources.

The beneficiary should recognize revenue for the beneficial interest at the termination of the agreement, as stipulated in the irrevocable split-interest agreement. Also, at the termination of the agreement, the beneficial interest asset and the related deferred inflow of resources should be eliminated.

Condition - The St. Petersburg College Foundation Inc. (“Foundation”) is the beneficiary of two split interest agreements in which they are not the intermediary. Upon review of correspondence from the donor, it was determined that the two split interest agreements were not irrevocable and should not be recorded in the Foundation’s financial statements. Additionally, in recording these beneficial interests, the Foundation recognized contribution revenue rather than a deferred inflow of resources.

Context - This condition is limited to the accounting cycle for two split interest agreements. These contributions have been recognized over a period of time and are not impacting the statement of revenues, expenses, and change in net position for the year ended March 31, 2020 except for the change in value of the split interest agreements during the year.

Cause - The Foundation received conflicting information regarding the irrevocability of the gifts. As a result, beneficial interests were recognized for agreements which were ultimately determined to be revocable.

Effect - The Foundation recognized approximately \$1 million of beneficial interests in irrevocable trusts as an asset and contribution income. As a result, assets and net position are overstated as of March 31, 2020.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Findings and Responses
March 31, 2021

Recommendation - We recommend that the Foundation review its current policies and procedures regarding the accounting for and reporting of split interest agreements. Review procedures should focus on ensuring balances and transactions have been recorded and reported in compliance with GASB 81, We also recommend that if conflicting evidence is received regarding a gift, the Foundation work with the donors to determine the nature of the gift and proper accounting treatment.

Response - The two trusts at issue were recorded in the Foundation's financial statements in 1996. At that time, GASB 81 had not yet been enacted and there were no equivalent GASB standards in existence at that time. The Foundation followed the generally accepted accounting principles in effect at that time. Furthermore, during the period from 1996 to the present, all aspects of the Foundation's financial reporting, including the Foundation's treatment of these two trusts were reviewed and approved as being in full compliance with all applicable generally accepted accounting principles by the Foundation's external auditors, including any and all applicable GASB standards.

GASB 81 became effective for implementation for the Foundation's fiscal year ending March 31, 2018. At that time, there were significant changes to the Foundation's accounting department personnel that included termination of the experienced accounting manager position and employment of part-time, non-licensed accountants to handle all financial management functions of the Foundation. The March 31, 2018, financial report was prepared and audited during this period.

Corrective action - Regarding the implementation of GASB 81, with regards to the two subject trusts, the Foundation has determined that it shall remove the subject trusts from the Foundation's financial statement in FY 2021. It is the Foundation's position that this corrective action, as well as the response provided above, addresses and remedies the issues, cause and effects stated above, as well as clarifying the context stated above with regards to the two specific subject trusts referenced above.

Status of the finding - The corrective action was implemented in FY 2021 as more fully described in Note 2. The result is a reduction of restricted - expendable net position of approximately \$693,000, a reduction of restricted - nonexpendable net position of approximately \$341,000, reduction of the change in value of split interest agreements of approximately \$54,000, and removal of remainder interest in trusts from the statements of net position totaling approximately \$1,034,000.