

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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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***

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

State College of Florida Foundation, Inc.

Bradenton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of State College of Florida Foundation, Inc. (the "Foundation"), a direct support organization and component unit of State College of Florida, Manatee-Sarasota, which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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.

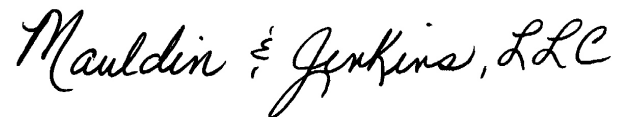
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Bradenton, Florida
December 22, 2021

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash	\$ 1,322,636	\$ 246,940
Investments	77,167,337	64,573,511
Pledges receivable, net	-	96,169
Prepaid expenses and other current assets	28,377	54,608
Beneficial interest in remainder trusts	360,745	326,548
Beneficial interest in perpetual trusts	2,622,157	2,270,982
TOTAL ASSETS	\$ 81,501,252	\$ 67,568,758
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 47,158	\$ 13,756
Due to State College of Florida, Manatee-Sarasota	1,013,929	35,574
Deferred revenue	40,239	98,164
Annuities payable	19,768	21,342
Total liabilities	1,121,094	168,836
NET ASSETS		
Without donor restrictions		
Undesignated	1,889,540	2,826,411
Designated by the Board for future projects	12,077,456	8,268,241
	13,966,996	11,094,652
With donor restrictions		
Time or purpose	53,854,042	44,097,325
Perpetual	12,559,120	12,207,945
	66,413,162	56,305,270
TOTAL NET ASSETS	80,380,158	67,399,922
TOTAL LIABILITIES AND NET ASSETS	\$ 81,501,252	\$ 67,568,758

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Investment income	\$ 336,124	\$ 1,475,039	\$ 1,811,163
Net realized and unrealized gains	2,355,699	10,567,151	12,922,850
Special events	187,893	-	187,893
Grants	-	683,580	683,580
Other income	250	2,217	2,467
Total revenues	2,879,966	12,727,987	15,607,953
SUPPORT			
Individuals, corporations, and foundations	41,077	3,750,549	3,791,626
Other	528,405	-	528,405
Total support	569,482	3,750,549	4,320,031
Net assets released from restriction	6,756,018	(6,756,018)	-
Total revenues and support	10,205,466	9,722,518	19,927,984
EXPENSES			
Program services	6,616,486	-	6,616,486
General and administrative	431,278	-	431,278
Fundraising	284,232	-	284,232
Total expenses	7,331,996	-	7,331,996
Increase in net assets before change in value of annuities payable and value of beneficial interest in remainder and perpetual trusts	2,873,470	9,722,518	12,595,988
Change in value of annuities payable	(1,126)	-	(1,126)
Change in value of beneficial interest in remainder trusts	-	34,199	34,199
Change in value of beneficial interest in perpetual trusts	-	351,175	351,175
CHANGE IN NET ASSETS	2,872,344	10,107,892	12,980,236
Net assets, beginning of the year	11,094,652	56,305,270	67,399,922
Net assets, end of the year	\$ 13,966,996	\$ 66,413,162	\$ 80,380,158

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Investment income	\$ 315,538	\$ 1,420,657	\$ 1,736,195
Net realized and unrealized gains	311,651	1,705,401	2,017,052
Special events	376,583	-	376,583
Grants	-	45,307	45,307
Other income	1,000	-	1,000
Total revenues	1,004,772	3,171,365	4,176,137
SUPPORT			
Individuals, corporations, and foundations	44,782	1,907,344	1,952,126
Other	500,813	-	500,813
Total support	545,595	1,907,344	2,452,939
Net assets released from restriction	3,520,620	(3,520,620)	-
Total revenues and support	5,070,987	1,558,089	6,629,076
EXPENSES			
Program services	3,576,651	-	3,576,651
General and administrative	426,090	-	426,090
Fundraising	328,581	-	328,581
Total expenses	4,331,322	-	4,331,322
Increase in net assets before change in value of annuities payable and value of beneficial interest in remainder and perpetual trusts	739,665	1,558,089	2,297,754
Change in value of annuities payable	(1,209)	-	(1,209)
Change in value of beneficial interest in remainder trusts	-	3,029	3,029
Change in value of beneficial interest in perpetual trusts	-	72,100	72,100
CHANGE IN NET ASSETS	738,456	1,633,218	2,371,674
Net assets, beginning of the year	10,356,196	54,672,052	65,028,248
Net assets, end of the year	\$ 11,094,652	\$ 56,305,270	\$ 67,399,922

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Alumni development	\$ -	\$ -	\$ 2,002	\$ 2,002
Audit and accounting	-	17,250	3	17,253
Bank charges	-	5,390	-	5,390
Community support	-	49,500	-	49,500
Contract services	-	7,392	-	7,392
Donor recognition	-	554	636	1,190
Enhancements	3,754,928	-	-	3,754,928
Facilities and catering	-	-	9,385	9,385
Institutional support	49,779	-	-	49,779
Insurance	-	5,033	-	5,033
Licenses and fees	-	442	-	442
Meetings	-	989	319	1,308
Miscellaneous	-	927	319	1,246
Other professional fees	-	-	8,725	8,725
Personnel	177,511	317,103	259,561	754,175
Printing	-	-	1,441	1,441
Professional development	-	3,297	-	3,297
Rent/rental equipment	-	22,548	-	22,548
Scholarships	2,591,657	-	-	2,591,657
Software and office equipment	42,611	-	-	42,611
Supplies	-	-	1,841	1,841
Web page development	-	853	-	853
Total expenses	<u>\$ 6,616,486</u>	<u>\$ 431,278</u>	<u>\$ 284,232</u>	<u>\$ 7,331,996</u>

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Alumni/friends magazine	\$ -	\$ 13,979	\$ -	\$ 13,979
Alumni development	-	110	20	130
Annual fund	-	123	-	123
Audit and accounting	-	17,250	-	17,250
Bank charges	-	6,053	-	6,053
Community support	-	52,188	-	52,188
Contract services	-	-	37,736	37,736
Donor recognition	-	2,223	1,816	4,039
Enhancements	1,722,281	-	-	1,722,281
Facilities and catering	-	-	43,034	43,034
Institutional support	49,767	-	-	49,767
Insurance	-	5,536	-	5,536
Licenses and fees	-	476	-	476
Meetings	-	4,857	339	5,196
Miscellaneous	-	1,655	3,600	5,255
Personnel	184,552	284,372	233,974	702,898
Photography	-	-	375	375
Postage and mailing	-	128	-	128
Printing	-	269	3,963	4,232
Professional development	-	7,617	-	7,617
Rent/rental equipment	-	20,107	-	20,107
Scholarships	1,580,281	-	-	1,580,281
Software and office equipment	39,770	-	-	39,770
Supplies	-	1,266	3,724	4,990
Web page development	-	7,881	-	7,881
Total expenses	<u>\$ 3,576,651</u>	<u>\$ 426,090</u>	<u>\$ 328,581</u>	<u>\$ 4,331,322</u>

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 12,980,236	\$ 2,371,674
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net realized and unrealized (gains) on investments	(12,922,850)	(2,017,052)
Change in value of annuities payable	1,126	1,209
Change in value of beneficial interest in remainder trusts	(34,197)	(3,029)
Change in value of beneficial interest in perpetual trusts	(351,175)	(72,100)
Changes in operating assets and liabilities		
Accounts receivable	-	6,000
Pledges receivable	96,169	-
Prepaid expenses and other current assets	26,231	2,166
Accounts payable and accrued expenses	33,402	11,694
Due to State College of Florida, Manatee-Sarasota	978,355	(10,428)
Deferred revenue	(57,925)	23,893
Net cash provided by operating activities	<u>749,372</u>	<u>314,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(12,159,743)	(12,974,222)
Sales of investments	<u>12,488,767</u>	<u>12,590,689</u>
Net cash provided by (used in) investing activities	<u>329,024</u>	<u>(383,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on annuity agreements	(2,700)	(2,701)
Net cash (used in) financing activities	<u>(2,700)</u>	<u>(2,701)</u>
Net change in cash	1,075,696	(72,207)
Cash, beginning of year	<u>246,940</u>	<u>319,147</u>
Cash, end of year	<u><u>\$ 1,322,636</u></u>	<u><u>\$ 246,940</u></u>

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State College of Florida Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized in 1978 under the laws of the State of Florida. The Foundation operates exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. The Foundation's mission is to provide aid in the form of money and other forms of property and services to the State College of Florida, Manatee-Sarasota (the "College"). The Foundation also promotes education and encourages learning and dissemination of information about which the College is involved.

Basis of Accounting and Presentation

The Foundation follows the reporting requirements for not-for-profit organizations under generally accepted accounting principles in the United States of America. Under such principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers amounts on hand, in checking accounts and money market accounts as cash unless held for the purpose of reinvestment.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Investment income includes interest and dividend income, net of fees, and is included in the statements of activities separate from gains and losses. Investment fees were \$369,642 and \$330,060 for the years ended September 30, 2021 and 2020, respectively.

Pledges Receivable

Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. Management has deemed all pledges as collectible, therefore no allowance is necessary.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Remainder and Perpetual Trusts

The Foundation has received several donations made directly to third parties which are held either for a certain period of time or in perpetuity for the Foundation's benefit. Annual earnings are provided to the Foundation which may be purpose restricted by the donor. The assets of the trusts are invested in a combination of cash equivalents and marketable debt and equity securities with readily determinable fair values. The Foundation's percentage interest of each trust is reported at their fair values in the statements of financial position. The change in value of these trusts is reported as changes in value in beneficial interest in remainder, or perpetual, trusts and are included in the statements of activities.

Deferred Revenue

Contributions, fees and other revenue sources collected in advance of special events that are held subsequent to year-end are deferred and recognized in the year of the function.

Annuity Liabilities

The Foundation has been named remainderman in an irrevocable charitable gift annuity. An annuity liability has been recorded at the present value of expected future cash flows to be paid to the annuity beneficiary at a discount rate of 5.4%.

Contributions

Contributions received are recorded as net assets without or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Revenue from special events is recognized when the event takes place.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support from the College

The Foundation recognizes support from the College which creates or enhances non-financial assets or that requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Bequests and Trusts

The proceeds of bequests and trusts are recorded as revenue when clear title is established and the proceeds are clearly measurable.

Functional Expenses

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time, the Board designates certain recurring and/or non-recurring items for use on specific future projects. For the years ended September 30, 2021 and 2020, the Board has designated \$12,077,456 and \$8,268,241, respectively, of net assets for future projects and capital needs.

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

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Tax Status

The Foundation is generally exempt from federal income and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Foundation is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax exempt purpose of the Foundation over the related expenses.

The Foundation follows Accounting Standard Codification 740 related to accounting for uncertainty in income taxes. This provision requires all tax positions that meet a more-likely-than-not recognition threshold at the effective date are recognized (or continue to be recognized) upon adoption. Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Foundation's financial statements.

The Foundation files their income tax returns in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASU's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or contributions.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

The Foundation adopted the new guidance in ASU No. 2014-09 and ASU No. 2018-08 as of October 1, 2019 without any changes to the way revenue is recognized.

Donated Services

Numerous volunteers have donated significant amount of time to the Foundation's various programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Reclassification

Certain amounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported change in net assets.

Subsequent Events

The Foundation has evaluated all subsequent events through December 22, 2021, the date the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Foundation's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for events and contributions. The Foundation manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions, grants, and other sources to cover operating expenditures not covered by donor-restricted resources, regular analysis of actual operating results versus budget, timing of annual endowment transfers.

The Foundation's endowment investment policy employs the following principals: preservation of capital, risk aversion, adherence to investment discipline, and maintenance of sufficient liquidity to meet its cash needs.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The following tables reflect the Foundation's total financial assets as of September 30, 2021 and 2020, and the amounts of those financial assets that could be made available within 12 months to meet operating expenditures:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 1,322,636	\$ 246,940
Investments	77,167,337	64,573,511
Total financial assets at year-end	<u>\$ 78,489,973</u>	<u>\$ 64,820,451</u>
Financial assets available to meet operating expenditures over the next 12 months		
Cash and equivalents	\$ 1,322,636	\$ 246,940
Payout on donor-restricted endowments for use over next 12 months	1,744,860	1,628,895
Cash encumbered by donor or Board restrictions	(1,323,281)	-
Financial assets available to meet operating expenditures	<u>\$ 1,744,215</u>	<u>\$ 1,875,835</u>

NOTE 3. INVESTMENTS

The Foundation engaged the services of a nationally recognized financial advisor (SEI Investments, Inc.) which specializes in asset management for not-for-profits. Investments are stated at fair value and are comprised of the following as of September 30, 2021 and 2020:

	2021	2020
U.S. equities	\$ 27,481,255	\$ 22,368,163
Alternative investments	14,976,245	11,729,691
Fixed income	16,505,281	14,342,477
International	17,937,757	15,846,928
Cash and cash equivalents	<u>266,799</u>	<u>286,252</u>
Total	<u>\$ 77,167,337</u>	<u>\$ 64,573,511</u>

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. Pledges which are due in excess of one year are discounted to net present value using a discount rate of 4%. Pledges receivable are due to be collected as follows as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gross amounts due in		
One year	\$ -	\$ -
One to five years	-	-
More than five years	-	100,000
Total gross pledges	<u>-</u>	<u>100,000</u>
Less allowance	-	(3,831)
Less discount to present value	<u>-</u>	<u>-</u>
 Total	 <u><u>\$ -</u></u>	 <u><u>\$ 96,169</u></u>

NOTE 5. BENEFICIAL INTEREST IN REMAINDER TRUSTS

Donors have established funds in trust with specified distributions to be made to the Foundation over the trust's term. Upon termination of the trust, the Foundation will receive the remaining assets within the trust, or a percentage of these assets if there are multiple beneficiaries. Beneficial interest in remainder trusts, recorded at fair market value are as follows as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
The Foundation is one of four beneficiaries of a trust and will collect 25% of principal in the year 2023. The trust currently pays quarterly distributions of income to the Foundation.	\$ 223,706	\$ 197,015
Upon death of the income beneficiary, the Foundation will receive 50% of the remaining principal of a trust which is donor restricted for nursing scholarships. The trust currently pays distributions of income to the Foundation.	59,070	52,670
Upon death of the income beneficiary, the Foundation will receive 100% of the remaining principal of a trust which is donor restricted for transfer student scholarships.	<u>77,969</u>	<u>76,863</u>
Total beneficial interest in remainder trusts	<u><u>\$ 360,745</u></u>	<u><u>\$ 326,548</u></u>

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 6. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Donors have established funds in trust in which the principal is held in perpetuity. Each fund has established its own percentages of principal being held for the benefit of the Foundation. Earning distributions are made to the Foundation as established within the trust agreement. Beneficial interest in perpetual trusts recorded at fair market value, are as follows as of September 30, 2021 and 2020:

	2021	2020
The Foundation receives annual income restricted for scholarships as part of a perpetual trust.	\$ 388,592	\$ 325,925
The Foundation is paid 25% of the residuary amount of a perpetual trust that is restricted for music scholarships and equipment.	732,808	607,205
The Foundation is paid 10% of 70% of a perpetual trust assets which is restricted for the arts and library departments.	112,124	96,250
The Foundation is paid an annual income from a perpetual trust that is without restriction.	44,182	37,599
The Foundation is paid an annual income of a perpetual trust that is restricted for enhancements.	1,344,451	1,204,003
	<u>\$ 2,622,157</u>	<u>\$ 2,270,982</u>

NOTE 7. RELATIONSHIP WITH THE COLLEGE

The Foundation recognizes certain support received directly from the College. The fair market values of these donations have been reflected as contributions without donor restrictions or other support and program services expense in the statements of activities as follows at September 30, 2021 and 2020:

	2021	2020
Donated salaries and contract services	\$ 516,683	\$ 480,813
Donated office space	22,380	20,000
	<u>\$ 539,063</u>	<u>\$ 500,813</u>

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 7. RELATIONSHIP WITH THE COLLEGE (CONTINUED)

The Foundation made contributions and payments for services to the College for the following purposes at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 2,557,736	\$ 1,517,156
Enhancements	2,938,535	1,473,342
Salaries, contract services and other	<u>265,655</u>	<u>259,097</u>
	<u>\$ 5,761,926</u>	<u>\$ 3,249,595</u>

Of the amounts above, the Foundation had an outstanding balance payable to the College of \$1,013,929 and \$35,574, at September 30, 2021 and 2020, respectively.

The above related party transactions are not necessarily indicative of the terms and amounts that would have been incurred had a comparable transaction been entered into with independent parties.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions that are time or purpose restricted are restricted for the following purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated scholarships	\$ 19,055,535	\$ 15,362,487
AA/College transfers	8,043,465	6,163,776
Instructional equipment	6,483,256	5,184,590
Nursing	5,600,349	4,395,948
High school seniors and articulation	3,608,575	2,781,747
Public services	3,325,244	2,713,605
Other purposes	891,506	2,436,997
Health sciences	2,635,042	1,337,889
Arts	934,962	780,342
Minority students	826,148	650,938
Loan programs	601,521	493,661
Awards	397,421	317,785
General memorials	400,751	307,488
Library	179,147	154,894
Cultural	443,075	425,029
Scholarship fund	-	220,590
Athletics	199,897	185,642
Business and communication	<u>228,148</u>	<u>183,917</u>
	<u>\$ 53,854,042</u>	<u>\$ 44,097,325</u>

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets perpetual in nature as of September 30, 2021 and 2020 consist of:

	2021	2020
Undesignated scholarships	\$ 2,351,422	\$ 2,351,422
AA/College transfers	2,109,684	2,047,017
Health sciences	1,925,000	1,925,000
Nursing	1,908,790	1,908,790
Instructional equipment	1,623,768	1,526,741
High school seniors and articulation	1,250,288	1,250,288
Fine and performing arts	854,582	685,559
Other purposes	240,854	218,396
Public services	150,000	150,000
Minority students	144,732	144,732
	<u>\$ 12,559,120</u>	<u>\$ 12,207,945</u>

Net assets released from restrictions due to satisfaction of purpose and/or time restrictions were \$6,756,018 and \$3,520,620 for the years ended September 30, 2021 and 2020, respectively.

NOTE 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at a financial institution located in Bradenton, Florida. Accounts at this financial institution are secured by the Federal Deposit Insurance Corporation (FDIC), currently up to \$250,000 per customer. The balances of these accounts at times may exceed federally insured limits. At September 30, 2021, the Foundation exceeded the insured limit by approximately \$1,165,793.

Investments consist primarily of financial instruments including cash, cash equivalents, equity and fixed income securities, international securities, and alternative investments. These financial instruments may subject the Foundation to concentrations of credit risk, as, from time to time, balances may exceed amounts insured by the FDIC or the Securities Investor Protection Corporation (SIPC), the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 10. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing an asset or liability) as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Significant inputs to the valuation model are unobservable.

The following assets are required to be measured at fair market value on a recurring basis and the classification within the hierarchy as of September 30, 2021 and 2020, is as follows:

	Level 1	Level 2	Level 3	Total at September 30, 2021
Investments				
U.S. equities	\$ 27,481,255	\$ -	\$ -	\$ 27,481,255
Alternative investments	-	-	14,976,245	14,976,245
Fixed income	16,505,281	-	-	16,505,281
International	17,937,757	-	-	17,937,757
Cash and cash equivalents	266,799	-	-	266,799
Total investments	62,191,092	-	14,976,245	77,167,337
Beneficial interest in remainder trusts	358,269	-	2,476	360,745
Beneficial interest in perpetual trusts	2,494,479	-	127,678	2,622,157
	<u>\$ 65,043,840</u>	<u>\$ -</u>	<u>\$ 15,106,399</u>	<u>\$ 80,150,239</u>
	Level 1	Level 2	Level 3	Total at September 30, 2020
Investments				
U.S. equities	\$ 22,368,163	\$ -	\$ -	\$ 22,368,163
Alternative investments	-	-	11,729,691	11,729,691
Fixed income	14,342,477	-	-	14,342,477
International	15,846,928	-	-	15,846,928
Cash and cash equivalents	286,252	-	-	286,252
Total investments	52,843,820	-	11,729,691	64,573,511
Beneficial interest in remainder trusts	324,507	-	2,042	326,548
Beneficial interest in perpetual trusts	2,131,402	-	139,580	2,270,982
	<u>\$ 55,299,729</u>	<u>\$ -</u>	<u>\$ 11,871,313</u>	<u>\$ 67,171,041</u>

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of the Foundation's Level 1 financial assets is based on quoted market prices of the identical security. The Foundation's Level 3 financial assets consist of an alternative investment in the SEI Offshore Opportunity Fund II, Ltd., SEI Core Property Fund LP, SEI Special Situations Fund, Ltd., and SEI Structured Credit Fund. The value of the Level 3 investments and assets is based on unobservable inputs (assumptions that market participants would use in pricing an asset) that reflect assumptions based on the best information available. As of September 30, 2021 and 2020, the Foundation did not have any liabilities measured at fair value.

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value as at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair value, beginning of year	\$ 11,871,313	\$ 12,149,164
Net realized and unrealized gains (losses)	3,202,013	(279,671)
Change in value of split-interest agreements	<u>33,073</u>	<u>1,820</u>
Fair value, end of year	<u>\$ 15,106,399</u>	<u>\$ 11,871,313</u>

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

NOTE 11. ENDOWMENTS

The Foundation holds various endowments which are either donor restricted or Board designated. The Board of Trustees of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions perpetual: (a) the original value of the gift donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions perpetual is classified as net assets with donor restrictions time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 11. ENDOWMENTS (CONTINUED)

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

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation;
7. The investment policies of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns, and protect the Foundation against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2021.

The endowment net asset composition is as follows:

	Without Donor Restrictions	With Donor Restrictions Time & Purpose	Perpetuity	Total at September 30, 2021
Donor-restricted endowment funds	\$ -	\$ 45,339,668	\$ 12,559,120	\$ 57,898,788

	Without Donor Restrictions	With Donor Restrictions Time & Purpose	Perpetuity	Total at September 30, 2020
Donor-restricted endowment funds	\$ -	\$ 34,104,662	\$ 12,207,945	\$ 46,312,607

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 11. ENDOWMENTS (CONTINUED)

The changes in the Foundation's endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions Time & Purpose	Perpetuity	Total
Endowment net assets, September 30, 2019	\$ -	\$ 32,387,675	\$ 12,135,845	\$ 44,523,520
Investment return				
Investment income	-	1,231,283	-	1,231,283
Net appreciation (realized and unrealized)	-	1,557,882	-	1,557,882
Total investment return	-	2,789,165	-	2,789,165
Contributions	-	93,166	-	93,166
Misc revenue	-	-	-	-
Change in value of split interest agreements	-	3,029	72,100	75,129
Transfers	1,249,036	(1,168,373)	-	80,663
Reclassification	-	-	-	-
Amounts appropriated for expenditure	(1,249,036)	-	-	(1,249,036)
Endowment net assets, September 30, 2020	-	34,104,662	12,207,945	46,312,607
Investment return				
Investment income	-	1,332,494	-	1,332,494
Net appreciation (realized and unrealized)	-	9,564,736	-	9,564,736
Total investment return	-	10,897,230	-	10,897,230
Contributions	-	1,647,451	-	1,647,451
Change in value of split interest agreements	-	34,199	351,175	385,374
Transfers	1,326,424	(1,343,874)	-	(17,450)
Amounts appropriated for expenditure	(1,326,424)	-	-	(1,326,424)
Endowment net assets, September 30, 2021	\$ -	\$ 45,339,668	\$ 12,559,120	\$ 57,898,788

NOTE 12. RISKS AND UNCERTAINTIES

The COVID-19 pandemic continues to have an unprecedented impact on global and North American economic conditions. It is reasonably possible that estimates made in the financial statements have been, or will be, adversely impacted in the near-term as a result of these conditions, including collectability of receivables. The ultimate impact of COVID-19 on the Foundation's financial position and results of operations is dependent upon future developments, including the duration of the pandemic and the associated length of its impact on the global economy, which cannot be predicted at this time.

OTHER INDEPENDENT AUDITOR'S REPORT



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
State College of Florida Foundation, Inc.
Bradenton, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of State College of Florida Foundation, Inc. (the "Foundation"), a direct support organization and component unit of State College of Florida, Manatee-Sarasota, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

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 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 22, 2021