

**DAYTONA STATE COLLEGE
FOUNDATION, INC.**

A COMPONENT UNIT OF DAYTONA STATE COLLEGE

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

DAYTONA STATE COLLEGE FOUNDATION, INC.
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DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Daytona State College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daytona State College Foundation, Inc. (the Foundation), a component unit of Daytona State College (the College), as of and for the years ended December 31, 2022 and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

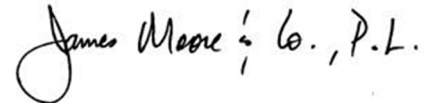
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is 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.

Supplementary 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 supplemental information as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the 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 May 16, 2023 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 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 "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
May 16, 2023

DAYTONA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021

The Management of Daytona State College Foundation, Inc. (the "Foundation") offers the readers of the Foundation's financial statements this narrative overview and analysis of the Foundation's financial activities for the years ending December 31, 2022, 2021, and 2020. Management has prepared the financial statements and the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers and we confirm that, to the best of our knowledge and belief, the financial statements are complete and reliable in all material respects.

FINANCIAL HIGHLIGHTS

The net position section of the Statements of Net Position represents the funds available to meet the Foundation's ongoing purpose to provide financial assistance to students and funding for critical needs that are beyond the scope of Daytona State College's (the "College") budget.

In fiscal year 2022, the net position of the Foundation decreased by \$5,810,526 primarily due to net unrealized losses on investments, which was partially offset by increases in the net realized gains on investments, interest and dividends as well as an increase in endowment contributions. In fiscal year 2021, net position increased by \$3,322,510, representing a 9.3% increase over 2020.

The Foundation's current assets were \$4,853,286 in fiscal year 2022, an increase of 37.5% from fiscal year 2021. Current assets were \$3,528,652 in fiscal year 2021, a decrease of 37.6% from fiscal year 2020.

The Foundation's noncurrent assets decreased to \$28,357,781 in fiscal year 2022 from \$35,406,467 in fiscal year 2021, a decrease of \$7,048,686. These amounts primarily reflect the net investment loss of \$6,929,157.

Current liabilities have experienced timing swings each year. Fiscal year 2022, at \$105,097, represents an increase of \$86,474 over fiscal year 2021. The increase in current liabilities resulted from timing differences for scholarship award payments.

DAYTONA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021

NET POSITION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets:			
Current assets	\$ 4,853,286	\$ 3,528,652	\$ 5,657,144
Noncurrent assets	<u>28,357,781</u>	<u>35,406,467</u>	<u>30,177,755</u>
Total assets	<u><u>\$ 33,211,067</u></u>	<u><u>\$ 38,935,119</u></u>	<u><u>\$ 35,834,899</u></u>
Liabilities:			
Current liabilities	\$ 105,097	\$ 18,623	\$ 240,913
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>105,097</u>	<u>18,623</u>	<u>240,913</u>
Net position:			
Restricted			
Expendable	12,240,713	18,301,984	17,017,190
Nonexpendable	20,749,817	19,512,465	16,983,203
Unrestricted	<u>115,440</u>	<u>1,102,047</u>	<u>1,593,593</u>
Total net position	<u>33,105,970</u>	<u>38,916,496</u>	<u>35,593,986</u>
Total liabilities and net position	<u><u>\$ 33,211,067</u></u>	<u><u>\$ 38,935,119</u></u>	<u><u>\$ 35,834,899</u></u>

OPERATING REVENUES

The Foundation's expendable contributions from individuals and organizations decreased by \$316,732 to \$608,733 for the year ending December 31, 2022 and decreased by \$178,942 to \$925,465 for the year ending December 31, 2021. For the fifteenth year in a row, the Foundation did not receive State matching grants due to a lack of State funding. The Philip Benjamin Matching and Facility Enhancement Challenge Grant Programs continue to exist under legislative rule, but current year funding depends on available State appropriations. The College continues to provide direct operating support to the Foundation composed primarily of salary, benefits, and administrative costs.

	<u>Operating Revenues</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contributions	\$ 608,733	\$ 925,465	\$ 1,104,407
Direct operating support	372,867	768,863	766,403
Miscellaneous	<u>13,444</u>	<u>34,328</u>	<u>8,150</u>
Total	<u><u>\$ 995,044</u></u>	<u><u>\$ 1,728,656</u></u>	<u><u>\$ 1,878,960</u></u>

DAYTONA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021

OPERATING EXPENSES

Operating expenses decreased by \$1,407,737 in 2022 primarily due to a decrease in scholarship and waivers of \$1,255,652. This mainly resulted from a \$1,000,000 contribution in 2021 for the construction of the College's new residence hall which did not reoccur in 2022. Similarly, operating expenses decreased by \$1,445,922 in 2021 compared to 2020 as a result of a \$2,830,161 contribution in 2020 for the construction of the College's new residence hall which was \$1,830,161 more than the 2021 contribution..

	Operating Expenses		
	2022	2021	2020
Personnel services	\$ 372,867	\$ 308,338	\$ 313,003
Scholarships and program support	1,225,491	2,481,143	3,966,731
Contractual services	44,973	42,052	52,836
Other services and expenses	399,526	637,968	571,980
Materials and supplies	27,208	8,301	19,174
	\$ 2,070,065	\$ 3,477,802	\$ 4,923,724

NONOPERATING REVENUES (EXPENSES)

The value of investments decreased during the year and the net realized and unrealized loss was \$6,929,157 for the year ending December 31, 2022 as a result of market performance. This change represents a decrease of \$10,128,472 from fiscal year 2021.

	Nonoperating Revenues (Expenses)		
	2022	2021	2020
Endowment contributions	\$ 1,368,594	\$ 1,246,395	\$ 510,448
Net realized and unrealized gains (losses) on investments, net of investment expenses	(6,929,157)	3,199,315	3,477,060
Interest and dividends	825,058	625,946	643,085
	\$ (4,735,505)	\$ 5,071,656	\$ 4,630,593

PERFORMANCE HIGHLIGHTS

The Foundation Board approved a 2022 Operating Budget, which allowed for the use of expendable restricted assets to continue the support of Daytona State College programs and provide financial assistance to students. The Foundation Board continually consults with PFM Asset Management LLC, the current investment firm, to guide the investment activities of the Foundation for the future.

DAYTONA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic status of the Foundation heavily relies on the growth of the investment markets, private donations from the local community as well as matching program grants from the State of Florida and other funding sources. The effects of the economy continue to assimilate into the Foundation's decision-making process. The Foundation stands firm in its continued commitment to the College, and the community, utilizing net position balances from prior years to invest in the College's strategic planning initiatives through academic enhancement, student scholarships and program support.

REQUEST FOR INFORMATION

Questions concerning information provided in the Management's Discussion and Analysis, Financial Statements and notes, thereto, or requests for additional financial information should be addressed to Martin Cass, Treasurer, Daytona State College Foundation, Inc., Post Office Box 2811, Daytona Beach, Florida 32120-2811.

DAYTONA STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,700,079	\$ 101,174
Investments held by Daytona State College on behalf of the Foundation	118,991	127,413
Restricted cash and cash equivalents	749,238	319,466
Restricted pledges receivable, net	100,000	150,000
Restricted prepaid expenses	-	34,775
Restricted investments held by Daytona State College on behalf of the Foundation	2,183,994	2,794,286
Due from Daytona State College	984	1,538
Total current assets	4,853,286	3,528,652
Noncurrent assets		
Investments	28,327,931	35,266,712
Restricted pledges receivable, net	-	100,000
Restricted other assets	29,850	39,755
Total noncurrent assets	28,357,781	35,406,467
Total assets	\$ 33,211,067	\$ 38,935,119
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities		
Accounts payable	\$ 662	\$ 1,209
Payable from restricted assets:		
Accounts payable	4,378	11,416
Due to Daytona State College	100,057	5,998
Total current liabilities	105,097	18,623
Net position		
Restricted		
Expendable	12,240,713	18,301,984
Nonexpendable endowments	20,749,817	19,512,465
Unrestricted	115,440	1,102,047
Total net position	33,105,970	38,916,496
Total liabilities and net position	\$ 33,211,067	\$ 38,935,119

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

DAYTONA STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Revenues		
Operating revenues:		
Contributions	\$ 608,733	\$ 925,465
Direct operating support - Daytona State College	372,867	768,863
Miscellaneous	13,444	34,328
Total operating revenues	995,044	1,728,656
Expenses		
Operating expenses:		
Personnel services	372,867	308,338
Scholarships and program support	1,225,491	2,481,143
Contractual services	44,973	42,052
Other services and expenses	399,526	637,968
Materials and supplies	27,208	8,301
Total operating expenses	2,070,065	3,477,802
Operating income (loss)	(1,075,021)	(1,749,146)
Nonoperating revenue (expense)		
Endowment contributions	1,368,594	1,246,395
Net realized and unrealized gains (losses) on investments, net of investment expenses of \$74,810 and \$78,072	(6,929,157)	3,199,315
Interest and dividends	825,058	625,946
Total nonoperating revenue (expense)	(4,735,505)	5,071,656
Change in net position	(5,810,526)	3,322,510
Net position, beginning of year	38,916,496	35,593,986
Net position, end of year	\$ 33,105,970	\$ 38,916,496

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

DAYTONA STATE COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Receipts from contributions	\$ 758,733	\$ 975,465
Miscellaneous receipts	13,444	34,328
Payments for scholarships and program support	(1,130,878)	(2,714,840)
Payments to suppliers	(434,612)	(262,607)
Net cash provided by (used in) operating activities	(793,313)	(1,967,654)
Cash flows from investing activities		
Purchases of investment securities	(1,371,360)	(2,425,370)
Proceeds from sales and maturities of investments, net of service fees	1,999,698	2,629,241
Receipt of interest and dividends	825,058	625,946
Net cash provided by (used in) investing activities	1,453,396	829,817
Cash flows from noncapital financing activities		
Endowment contributions received for other than capital purposes	1,368,594	1,246,395
Net increase (decrease) in cash and cash equivalents	2,028,677	108,558
Cash and cash equivalents, beginning of year	420,640	312,082
Cash and cash equivalents, end of year	\$ 2,449,317	\$ 420,640
Shown on the statement of net position as:		
Cash and cash equivalents	\$ 1,700,079	\$ 101,174
Restricted cash and cash equivalents	749,238	319,466
	\$ 2,449,317	\$ 420,640
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (1,075,021)	\$ (1,749,146)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Decrease (increase) in certain assets		
Pledges receivable, net	150,000	50,000
Prepaid expenses	44,680	(44,680)
Due from Daytona State College	554	(1,538)
Increase (decrease) in certain liabilities		
Accounts payable	(7,585)	9,869
Due to Daytona State College	94,059	(232,159)
Net cash provided by (used in) operating activities	\$ (793,313)	\$ (1,967,654)

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

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:**

(a) **Nature of organization**—Daytona State College Foundation, Inc. (the Foundation) is a direct support organization as provided for in Section 1004.70, Florida Statutes, and is considered a discrete component unit of Daytona State College (the College). The Foundation receives significant financial support from the College in the form of personnel and office space. The Foundation's principal function is to receive, hold, invest, and administer charitable contributions for the College. The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the IRC) and is exempt from federal and state income taxes pursuant to Section 509(a) of the IRC.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

(c) **Fund accounting**—To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. The assets, liabilities, and net position of the Foundation are reported in two fund groups as follows:

Restricted - restricted with two fund types as follows:

Expendable - These represent funds that are subject to donor, grantor, or other outside party restrictions on use for the benefit of students or for funding various programs at the College.

Nonexpendable - These represent funds that are the historical corpus contribution of a donor endowment and are subject to donor, grantor, or other outside party restrictions as to use. These funds are carried at historical cost and are not adjusted for investment earnings or losses. Investment earnings, realized and unrealized gains or losses on endowment funds are classified as Expendable.

Unrestricted - one fund type as follows:

Unrestricted - This group represents funds that are available without restriction for the purpose of carrying out Foundation objectives.

(d) **Cash and cash equivalents**—The Foundation considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts and stock brokerage firms which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts due to exceeding the federally insured limits.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Operating activities**—Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities which are in support of the College’s programs. Operating activities related to the Foundation’s purpose, which is to receive, hold, and invest charitable contributions for the benefit of the College. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(f) **Revenue recognition**—Contributions are recognized as increases in net position when received or when pledged unconditionally, with the exception of pledged endowments which are recognized when received in accordance with generally accepted accounting principles.

(g) **Direct operating support**—The Foundation uses College facilities and services. This includes office space and administrative, accounting, and other institutional support. A large portion of support consists of contributed services and facilities which are estimated and included in these financial statements as direct operating support revenue. The Foundation has no employees. The College assigns employees to Foundation operations and pays their salaries and benefits. Retirement benefits are through the Florida Retirement System and payroll taxes are paid by the College. The Foundation is not expected to reimburse the College for such expenses.

For the years ended December 31, 2022 and 2021, the values of those contributed services that can be reasonably estimated are reflected in these financial statements as follows:

	2022	2021
Salaries and other	\$ 372,867	\$ 308,338
Housing scholarship	-	460,525
	\$ 372,867	\$ 768,863

(h) **Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(i) **Investments and investment income**—The Foundation states certain investments at their fair value if the investment has a readily determinable market value. Investments received as gifts are recorded at their fair market or appraised value as of the date of the gift.

(j) **Capital assets**—The Foundation has a capitalization threshold of \$5,000. Depreciation is provided on a straight-line method over a useful life of three years. The Foundation’s capital assets consist of fully depreciated computer software. There was no capital asset activity for 2022 or 2021.

(k) **Net position flow assumption**—Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Foundation’s policy to consider restricted net position to have been used before unrestricted net position is applied.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Pledges receivable**—All eligible unconditional pledges that are verifiable, probable and measurable are recorded at their estimated realizable value on a discounted basis. The Foundation determines an allowance based on specific identification. Pledges receivable were \$100,000 and \$250,000 at December 31, 2022 and 2021, respectively. Amounts receivable within one year were \$100,000 and \$150,000 at December 31, 2022 and 2021, respectively.

(2) **Deposits and Investments:**

Investment decisions are made subject to guidelines established by the Foundation's Investment Committee and approved by the Foundation's Board of Directors. All deposits and investments are held at financial and brokerage institutions in the name of the Foundation.

The Foundation's investment and spending policy is set forth in a document approved by Daytona State College Foundation Investment Committee and approved by the Foundation's Board of Directors. The objectives of the policy fundamentally preserve and enhance Foundation resources both at present and in the future, as well as, strive to provide a steady, growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect endowments from inflation.

According to the Investment Policy, updated in 2022, endowment target allocations are 16-56% in domestic equities, 0-39% in international equities, 5-45% in fixed-income securities, and 0-20% in other income assets, other growth assets, REIT/inflation hedges, and/or cash and cash equivalents. The Foundation contracts with a qualified investment manager to whom authority is delegated to invest and reinvest assets in accordance with the investment policy.

(a) **Custodial credit risk - deposits**—Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's deposits may not be returned to it. At December 31, 2022 and 2021, the Foundation's cash deposits with financial and brokerage institutions were \$2,385,077 and \$367,080, respectively, of which \$1,885,077 and \$22,272 were above Federal Deposit Insurance Corporation (FDIC) limits.

(b) **Interest rate risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Foundation's policy for managing its exposure for changes in interest rate is through maintaining diversification of its investments and investment maturity dates to minimize the impact of downturns in the market.

(c) **Credit risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

(d) **Concentration risk**—The Foundation's investment policy discourages more than five percent of the portfolio's total assets taken at current value be invested in the securities of one issuer, other than the United States of America, its agencies or instrumentalities. The Policy further discourages more than forty percent of the portfolio's assets to be invested in the securities of the companies in any one industry.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(2) **Deposits and Investments:** (Continued)

(e) **Fair value measurements**—The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Foundation’s significant market assumptions. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable. Examples include commingled funds which hold actively traded public securities, but whose valuations are determined only periodically, (typically monthly). Other examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, credit risks, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternative investments that do not have a liquid market at the balance sheet date. Inputs used for Level 3 may include the original transaction price, recent transactions in the same or similar market, completed or pending third party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:

Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income Approach: This approach determines a valuation by discounting cash flows.

Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Mutual funds are valued at the daily closing price as reported by each type of fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(2) **Deposits and Investments:** (Continued)

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity, but is based on the observability of the valuation inputs.

<u>Investments</u>	<u>Average Maturities</u>	<u>Fair Value Level</u>	<u>Average Credit Rating (S&P)</u>	<u>2022</u>	<u>2021</u>
Mutual Funds - Fixed Income	7.80	1	B to AAA	\$ 9,223,518	\$ 11,432,332
Mutual Funds - Domestic Equity	N/A	1	N/A	12,229,797	16,200,524
Mutual Funds - International Equity	N/A	1	N/A	6,874,616	7,633,856
Total				<u>\$ 28,327,931</u>	<u>\$ 35,266,712</u>

External investments pools:

The Foundation reported \$2,302,985 and \$2,921,699 of restricted investments held by the College on its behalf at fair value at December 31, 2022 and 2021, respectively. These funds are held by the College in the State of Florida Special Purpose Investment Account (“SPIA”) investment pool, and represent ownership of a share of the pool, not the underlying securities. SPIA pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Council per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the underlying securities. The fair value of the underlying securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool’s total fair value by the pool participant’s total balances. The fair value factor is the ratio used to determine the fair value of an individual participant’s pool balance. Based on this, the Foundation categorizes the SPIA as Level 3 within the fair value hierarchy. The fair value factor was 0.9789 and 0.9881 as of December 31, 2022 and 2021, respectively

(3) **Related Party Transactions:**

The Foundation is defined as a direct support organization by Florida Statute 1004.70, and as such, the Foundation is organized and operating exclusively to receive, hold, invest, and make expenditures to, or for the benefit of, Daytona State College. During 2022 and 2021, the Foundation provided the College and its students with program and scholarship support in the amount of \$1,225,491 and \$2,481,143, respectively. At December 31, 2022 and 2021, the Foundation had payables to the College of \$100,057 and \$5,998 respectively, primarily representing amounts due for program support. At December 31, 2022, the Foundation had receivables from the College of \$984. The Foundation had no receivables from the College at December 31, 2021.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(3) **Related Party Transactions:** (Continued)

The Foundation previously entered into an agreement with the College wherein condominiums were purchased to become dormitories for College student athletes. The College sold all condominium units on October 15, 2019, and on October 16, 2019, entered into a lease agreement with the buyer of the condominiums that terminated on May 31, 2020. As part of the lease, the College and Foundation executed a "Lease Property Agreement" in which the parties agreed that the Foundation shall at all times retain a 100 percent interest in the lease. The lease was extended to begin June 1, 2021, and terminated May 31, 2022.

(4) **Restricted Net Position:**

At December 31, 2022 and 2021, the restricted nonexpendable endowments net position totaled \$20,749,817 and \$19,512,465, respectively. Investment earnings from endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual meeting. The spending rate for the year ending December 31, 2022 and 2021, was 5.0% to support donor-designated scholarships and programs and administrative fees.

For the year ended December 31, 2021, endowment annual spending was set at a maximum range up to 5.0% of the most recent three-year moving average of the market value of the Fund as of December 31 every year. For the year ended December 31, 2022, and going forward, endowment annual spending is set at a maximum range up to 5.0% of the average of the market value of the Fund for the most recent 20 quarters to be calculated as of June 30 every year. The Foundation will determine, on an annual basis, the cash flow needs for the following year. The spendable earnings are recorded as increases to the restricted expendable net position.

At December 31, 2022 and 2021, the restricted expendable net position of \$12,240,713 and \$18,301,984, respectively, includes undistributed earnings related to endowment funds, which represents gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Restricted expendable amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure. All excess earnings and spending appropriations not distributed will remain as part of the endowment fund to hedge against inflation and other threats to loss of purchasing power.

A separate investment account was created for the purpose of principal preservation of eligible temporarily restricted funds ("Principal Preservation Account"), with a target asset allocation of 100% in cash equivalents; money market funds, bank certificates of deposit, local government investment pools, or other safe and liquid investments with a time horizon or maturity of no greater than 18 months. This Principal Preservation Account serves as a buffer to protect from severe or prolonged market downturns. The account is funded from investment interest, dividends, and realized or unrealized gains, until it reaches an average of two (2) years of mission-related expenses. The Foundation reviews the account balance regularly and approves the use of the funds in this account for mission-related expenditures in the event there should be a prolonged equity market correction of losses greater than 10% from peak market values lasting over six months or when needs arise. If funds are used, the Foundation may replenish this account when market conditions stabilize.

The Foundation follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and its own governing documents. FUPMIFA requires the Foundation to prudently manage its funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under FUPMIFA. The majority of the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

DAYTONA STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(5) **Risk Management:**

The Foundation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. The Foundation is insured through the College, which provides coverage for these risks primarily through the Florida Community College Risk Management Consortium.

(6) **Significant Concentrations:**

The Foundation receives significant revenues from private contributions and the College. Contributions from private sources provided 52% and 32% of revenues in 2022 and 2021, respectively. Private contributions vary depending on fundraising campaign focus and effects of the economy. The College's direct operating support in-kind contribution provided 10% and 11% of revenues in 2022 and 2021, respectively.

(7) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 16, 2023, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(8) **Uncertainties:**

The Foundation invests in numerous investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

(9) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Foundation's financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

SUPPLEMENTAL SCHEDULES

DAYTONA STATE COLLEGE FOUNDATION, INC.
SCHEDULE OF NET POSITION
DECEMBER 31, 2022

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Expendable</u>	<u>Nonexpendable Endowments</u>	
Current assets				
Cash and cash equivalents	\$ 1,700,079	\$ -	\$ -	\$ 1,700,079
Investments held by Daytona State College on behalf of the Foundation	118,991	-	-	118,991
Restricted cash and cash equivalents	-	476,871	272,367	749,238
Restricted pledges receivable, net	-	100,000	-	100,000
Restricted investments held by Daytona State College on behalf of the Foundation	-	2,183,483	511	2,183,994
Due from Daytona State College	110	437	437	984
Total current assets	<u>1,819,180</u>	<u>2,760,791</u>	<u>273,315</u>	<u>4,853,286</u>
Noncurrent assets				
Unrestricted investments	(1,703,078)	-	-	(1,703,078)
Restricted investments	-	9,554,507	20,476,502	30,031,009
Restricted other assets	-	29,850	-	29,850
Total noncurrent assets	<u>(1,703,078)</u>	<u>9,584,357</u>	<u>20,476,502</u>	<u>28,357,781</u>
Total assets	<u>\$ 116,102</u>	<u>\$ 12,345,148</u>	<u>\$ 20,749,817</u>	<u>\$ 33,211,067</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities				
Accounts payable	\$ 662	\$ -	\$ -	\$ 662
Payable from restricted assets:				
Accounts payable	-	4,378	-	4,378
Due to Daytona State College	-	100,057	-	100,057
Total current liabilities	<u>662</u>	<u>104,435</u>	<u>-</u>	<u>105,097</u>
Net position				
Restricted				
Expendable	-	12,240,713	-	12,240,713
Nonexpendable endowments	-	-	20,749,817	20,749,817
Unrestricted	115,440	-	-	115,440
Total net position	<u>115,440</u>	<u>12,240,713</u>	<u>20,749,817</u>	<u>33,105,970</u>
Total liabilities and net position	<u>\$ 116,102</u>	<u>\$ 12,345,148</u>	<u>\$ 20,749,817</u>	<u>\$ 33,211,067</u>

See accompanying notes to financial statements.

DAYTONA STATE COLLEGE FOUNDATION, INC.
SCHEDULE OF NET POSITION
DECEMBER 31, 2021

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Expendable</u>	<u>Nonexpendable Endowments</u>	
Current assets				
Cash and cash equivalents	\$ 101,174	\$ -	\$ -	\$ 101,174
Investments held by Daytona State College on behalf of the Foundation	127,413	-	-	127,413
Restricted cash and cash equivalents	-	103,399	216,067	319,466
Restricted pledges receivable, net	-	150,000	-	150,000
Restricted prepaid expenses	-	34,775	-	34,775
Restricted investments held by Daytona State College on behalf of the Foundation	-	998,744	1,795,542	2,794,286
Due from Daytona State College	-	769	769	1,538
Total current assets	<u>228,587</u>	<u>1,287,687</u>	<u>2,012,378</u>	<u>3,528,652</u>
Noncurrent assets				
Unrestricted investments	874,669	-	-	874,669
Restricted investments	-	16,901,861	17,490,182	34,392,043
Restricted pledges receivable, net	-	100,000	-	100,000
Restricted other assets	-	29,850	9,905	39,755
Total noncurrent assets	<u>874,669</u>	<u>17,031,711</u>	<u>17,500,087</u>	<u>35,406,467</u>
Total assets	<u>\$ 1,103,256</u>	<u>\$ 18,319,398</u>	<u>\$ 19,512,465</u>	<u>\$ 38,935,119</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities				
Accounts payable	\$ 1,209	\$ -	\$ -	\$ 1,209
Payable from restricted assets:				
Accounts payable	-	11,416	\$ -	11,416
Due to Daytona State College	-	5,998	-	5,998
Total current liabilities	<u>1,209</u>	<u>17,414</u>	<u>-</u>	<u>18,623</u>
Net position				
Restricted				
Expendable	-	18,301,984	-	18,301,984
Nonexpendable endowments	-	-	19,512,465	19,512,465
Unrestricted	1,102,047	-	-	1,102,047
Total net position	<u>1,102,047</u>	<u>18,301,984</u>	<u>19,512,465</u>	<u>38,916,496</u>
Total liabilities and net position	<u>\$ 1,103,256</u>	<u>\$ 18,319,398</u>	<u>\$ 19,512,465</u>	<u>\$ 38,935,119</u>

See accompanying notes to financial statements.

DAYTONA STATE COLLEGE FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Expendable</u>	<u>Nonexpendable Endowments</u>	
Revenues				
Operating revenues:				
Contributions	\$ 121,186	\$ 487,547	\$ -	\$ 608,733
Direct operating support - Daytona State College	372,867	-	-	372,867
Miscellaneous	-	13,399	45	13,444
Total operating revenues	<u>494,053</u>	<u>500,946</u>	<u>45</u>	<u>995,044</u>
Expenses				
Operating expenses:				
Personnel services	372,867	-	-	372,867
Scholarships and program support	-	1,225,491	-	1,225,491
Contractual services	44,973	-	-	44,973
Other services and expenses	124,015	275,511	-	399,526
Materials and supplies	1,212	25,996	-	27,208
Total operating expenses	<u>543,067</u>	<u>1,526,998</u>	<u>-</u>	<u>2,070,065</u>
Operating income (loss)	<u>(49,014)</u>	<u>(1,026,052)</u>	<u>45</u>	<u>(1,075,021)</u>
Nonoperating revenues (expenses)				
Endowment contributions	-	-	1,368,594	1,368,594
Net realized and unrealized gains (losses) on investments, net of investment expenses of \$74,810	(1,195,024)	(5,734,133)	-	(6,929,157)
Interest and dividends	192,594	632,464	-	825,058
Interfund transfers	64,837	66,450	(131,287)	-
Total nonoperating revenues	<u>(937,593)</u>	<u>(5,035,219)</u>	<u>1,237,307</u>	<u>(4,735,505)</u>
Change in net position	<u>(986,607)</u>	<u>(6,061,271)</u>	<u>1,237,352</u>	<u>(5,810,526)</u>
Net position, beginning of year	1,102,047	18,301,984	19,512,465	38,916,496
Net position, end of year	<u>\$ 115,440</u>	<u>\$ 12,240,713</u>	<u>\$ 20,749,817</u>	<u>\$ 33,105,970</u>

See accompanying notes to financial statements.

DAYTONA STATE COLLEGE FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
		<u>Expendable</u>	<u>Nonexpendable Endowments</u>	
Revenues				
Operating revenues:				
Contributions	\$ 144,296	\$ 771,169	\$ 10,000	\$ 925,465
Direct operating support - Daytona State College	308,338	460,525	-	768,863
Miscellaneous	-	34,328	-	34,328
Total operating revenues	<u>452,634</u>	<u>1,266,022</u>	<u>10,000</u>	<u>1,728,656</u>
Expenses				
Operating expenses:				
Personnel services	308,338	-	-	308,338
Scholarships and program support	1,000,000	1,481,143	-	2,481,143
Contractual services	42,052	-	-	42,052
Other services and expenses	107,759	530,209	-	637,968
Materials and supplies	1,641	6,660	-	8,301
Total operating expenses	<u>1,459,790</u>	<u>2,018,012</u>	<u>-</u>	<u>3,477,802</u>
Operating income (loss)	<u>(1,007,156)</u>	<u>(751,990)</u>	<u>10,000</u>	<u>(1,749,146)</u>
Nonoperating revenues (expenses)				
Endowment contributions	-	-	1,246,395	1,246,395
Net realized and unrealized gains (losses) on investments, net of investment expenses of \$78,072	459,397	2,739,918	-	3,199,315
Interest and dividends	154,413	471,533	-	625,946
Interfund transfers	(98,200)	(1,174,667)	1,272,867	-
Total nonoperating revenues	<u>515,610</u>	<u>2,036,784</u>	<u>2,519,262</u>	<u>5,071,656</u>
Change in net position	<u>(491,546)</u>	<u>1,284,794</u>	<u>2,529,262</u>	<u>3,322,510</u>
Net position, beginning of year	1,593,593	17,017,190	16,983,203	35,593,986
Net position, end of year	<u>\$ 1,102,047</u>	<u>\$ 18,301,984</u>	<u>\$ 19,512,465</u>	<u>\$ 38,916,496</u>

See accompanying notes to financial statements.

**DAYTONA STATE COLLEGE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Student Assistance</u>	<u>College Programs</u>	<u>Community Service</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>Total</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ 372,867	\$ 372,867
Scholarships and program support	1,096,126	121,832	2,800	-	4,733	1,225,491
Contractual services	-	-	-	-	44,973	44,973
Other services and expenses	9,934	251,825	1,980	26,959	108,828	399,526
Materials and supplies	1,153	11,127	10,823	-	4,105	27,208
Total operating expenses	<u>\$ 1,107,213</u>	<u>\$ 384,784</u>	<u>\$ 15,603</u>	<u>\$ 26,959</u>	<u>\$ 535,506</u>	<u>\$ 2,070,065</u>

**SCHEDULE OF FUNCTIONAL OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Student Assistance</u>	<u>College Programs</u>	<u>Community Service</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>Total</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ 308,338	\$ 308,338
Scholarships and program support	1,153,470	154,736	-	-	1,172,937	2,481,143
Contractual services	-	-	-	-	42,052	42,052
Other services and expenses	10,284	492,535	-	10,716	124,433	637,968
Materials and supplies	387	4,396	192	390	2,936	8,301
Total operating expenses	<u>\$ 1,164,141</u>	<u>\$ 651,667</u>	<u>\$ 192</u>	<u>\$ 11,106</u>	<u>\$ 1,650,696</u>	<u>\$ 3,477,802</u>

See accompanying notes to financial statements.

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

To the Board of Directors
Daytona State 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 Daytona State College Foundation, Inc. (the Foundation), a component unit of Daytona State College, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 16, 2023.

Report on 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 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 or significant deficiencies may exist that were not been identified.

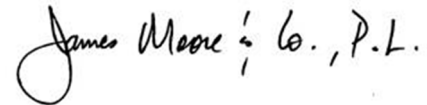
Report on Compliance and Other Matters

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida
May 16, 2023