

**Florida State College
at Jacksonville
Foundation, Inc.**

**Independent Auditor's Report,
Financial Statements, and
Supplementary Information**

September 30, 2022 and 2021



Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows.....	13
Notes to Financial Statements.....	14
Supplementary Information:	
Reports Required by Government Audit Standards and the Uniform Guidance:	
Schedule of Expenditures of Federal Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
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 <i>Government Auditing Standards</i>	28
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	30
Schedule of Findings and Questioned Costs	33



Independent Auditor's Report

Board of Directors
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida State College at Jacksonville Foundation, Inc. (the "Foundation"), a direct-support organization and component unit of the Florida State College at Jacksonville, which comprise of the statements of net position as of September 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Foundation as of September 30, 2022 and 2021, and the changes in its revenues, expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibility 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of financial statements that are free of 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 within one year after the date that these financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statement. 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.

FORVIS

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for the year ended September 30, 2022, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 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 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 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.

FORVIS,LLP

**Jacksonville, FL
May 18, 2023**

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (“MD&A”) provides an overview of the financial position and activities of Florida State College at Jacksonville Foundation, Inc. (the “Foundation”) for the years ended September 30, 2022 and 2021, and should be read in conjunction with the financial statements and related notes.

The Foundation is a direct-support organization and a component unit of Florida State College at Jacksonville (the “College”), a governmental agency. The Foundation’s mission is to secure financial resources for Florida State College at Jacksonville to provide students in need access to an affordable, quality education and to enhance the lives and the economic development of Northeast Florida.

The Foundation’s financial statements are presented on an accrual basis, which includes (1) assets and liabilities as current and noncurrent; (2) revenues and expenses as operating and non-operating; (3) the use of the direct method for the statement of cash flows; and (4) management’s discussion and analysis of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

Pursuant to GASB Statement No. 35, the Foundation’s financial report consists of these basic financial statements:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

Financial highlights

	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Contributions	\$ 2,636,419	\$ 2,541,202	\$ 1,172,357
Permanent endowments (included)	131,132	144,480	99,107
Scholarships	1,128,632	791,323	768,885
Artist Series – net operating income	3,163,066	2,565,958	517,845
Patron contributions (included)	91,312	328,266	470,088
Unearned ticket revenue	3,609,697	12,209,589	7,999,939
Net appreciation (depreciation) in investments	(10,359,259)	16,142,827	2,799,774
Net investment income (loss)	(102,619)	(117,901)	(55,468)
Change in net position	(8,983,591)	17,886,426	1,411,750
Net position, end of year	66,899,151	75,882,742	57,996,316

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

The \$3,609,697 in unearned ticket revenue for the Artist Series is a result of advance ticket sales for the upcoming 2023 season, which typically starts in November/December. These advance ticket sales speak to the high renewal rate of the Artist Series' annual subscribers and continued community interest in the various shows that are presented.

Cash contributions to the Foundation for the years ended September 30, 2022 and 2021, include major gifts greater than \$50,000 from donors such as Bank of America Foundation, Florida Blue Foundation, Fidelity Foundation, and PMK Foundation.

State of Florida Grant Programs (Dr. Philip Benjamin Matching). At September 30, 2022 and 2021, the Foundation had \$18.5 million and \$16.4 million, respectively, of state matching funds for eligible donations (which are temporarily suspended) that may be funded by the State at a future date.

First Generation Matching Grant Program provided additional scholarship funding. Approved by the Florida Legislature, the program provides state matching funds for unrestricted contributions received by the Foundation and dedicated for this purpose at the sole discretion of the Foundation. In fiscal year 2022, the Foundation received \$85,273 of private contributions and a 100% state match allotment on those funds. The primary purpose of the program is to provide scholarship opportunities to students who are first-generation college students in their family.

Statements of Net Position

The purpose of the Statements of Net Position is to present the Foundation's financial condition as of the end of the fiscal year. The Statements of Net Position will enable the reader to determine the Foundation's ability to continue its operations, amounts owed to vendors and creditors, and the assets that are available to pay expenditures of the Foundation.

The following represents a condensed statements of net position and the changes in the Foundation's assets, liabilities and net position:

Condensed Statements of Net Position

	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>FY 22-21 Change</u>	<u>FY 21-20 Change</u>
Assets:					
Current	\$ 11,111,697	\$ 18,030,695	\$ 10,400,501	\$ (6,918,998)	\$ 7,630,194
Noncurrent	<u>61,436,154</u>	<u>72,543,682</u>	<u>57,575,289</u>	<u>(11,107,528)</u>	<u>14,968,393</u>
Total assets	<u>\$ 72,547,851</u>	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>	<u>\$(18,026,526)</u>	<u>\$ 22,598,587</u>
Liabilities:					
Total liabilities	<u>\$ 5,648,700</u>	<u>\$ 14,691,635</u>	<u>\$ 9,979,474</u>	<u>\$ (9,042,935)</u>	<u>\$ 4,712,161</u>
Net position:					
Restricted by					
donors	6,040,196	5,068,856	2,147,014	971,340	2,921,842
Permanent endowments	27,292,721	33,464,631	26,312,399	(6,171,910)	7,152,232
Unrestricted					
Board appropriated	33,566,234	35,874,999	27,927,915	(2,308,765)	7,947,084
Unappropriated	<u>-</u>	<u>1,474,256</u>	<u>1,608,988</u>	<u>(1,474,256)</u>	<u>(134,732)</u>
Total net position	<u>66,899,151</u>	<u>75,882,742</u>	<u>57,996,316</u>	<u>(8,983,591)</u>	<u>17,886,426</u>
Total liabilities and net position	<u>\$ 72,547,851</u>	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>	<u>\$(18,026,526)</u>	<u>\$ 22,598,587</u>

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

Current assets

The decrease in current assets in the current fiscal year is largely due to accounts receivable due from the College. At September 30, 2022 and 2021, accounts receivable due from the college totaled \$5,950,643 and \$11,627,991, respectively. Amounts due from the college are associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2023 Artist Series season.

The increase in current assets in the prior fiscal year is largely due to accounts receivable due from the College of \$11,627,991 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2022 Artist Series season.

Noncurrent assets

The 15% decrease in investments from \$72.2 million to \$61.3 million is due largely to a decrease in the fair value of certain endowed assets during the year ended September 30, 2022, as was the 27% increase in investments from \$57 million to \$72.2 million was due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2021. A more detailed breakdown of the Foundation's investments may be found in Notes 3, 4, 5, and 6 which are an integral part of these financial statements.

Liabilities

Total liabilities from the 2021 period to 2022 period decreased by 62%, from \$14.7 million to \$5 million and can be ascribed to an decrease in unearned pledge revenue. Total liabilities from the 2020 period to 2021 period increased by 47%, from \$9.9 million to \$14.7 million and can be largely ascribed to an increase in unearned ticket revenues associated with Artist Series' activities.

Net position

Net position at September 30, 2022 totaled \$66.9 million, a decrease of \$8.9 million, or 12% from total net position of \$75.9 million as of September 30, 2020.

Net position at September 30, 2021 totaled \$75.9 million, an increase of \$17.9 million, or 31% from total net position of \$58 million as of September 30, 2020. Net position consists of two categories as follows:

1. Restricted assets consist of the following:
 - Restricted by donors - expendable represents amounts which are available for spending in accordance with the donor's specified criteria; and
 - Quasi endowments - expendable represents assets restricted by the Foundation as matching funds for the Dr. Philip Benjamin Matching Grant Program and for the Foundation's operational needs; and
 - Permanent endowments - nonexpendable represents the Foundation's restricted nonexpendable endowment funds which are required to be held in perpetuity.
2. Unrestricted assets represent amounts available to the Foundation for operational purposes in support of its mission.

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to provide the details of the operating and non-operating activities for the fiscal year. This includes the revenues displayed by major source, expenses, and gains and losses received or incurred by the Foundation.

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

The Statements of Revenues, Expenses, and Changes in Net Position includes the following categories:

- Operating Revenues are revenues received from donor cash and noncash contributions, in-kind support from the College, grants and other program revenues.
- Operating Expenses represent expenses incurred for goods and services provided in return for the operating revenues to carry out the mission of the Foundation. Operating expenses include scholarships to College students, salaries and benefits, institutional and program support to the College, education programs, and management and general expenses supporting the Foundation operations, exclusive of Artist Series activities.
- Net Operating Income/(Loss) represents the amount of operating revenues in excess of the year's operating expenses and does not include non-operating revenue.
- Artist Series activities represents revenues and expenses related to the Foundation's Artist Series events, shows and other activities.
- Non-operating Revenues represents amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.
- Additions to Endowments represent contributions received for permanent endowments.

The change in net position is the result of the fiscal year's excess of or lack of excess of revenues over expenses.

In summary, the Foundation is structured as follows:

Fund development

Solicitation of donors for endowed and non-endowed contributions for scholarships, programs, and other needs of the College.

Foundation support

Financial accounting, investment administration and operations support for the Foundation. The allocation of funds allocations is also determined therein.

Artist Series

Production of Broadway shows and performing arts programs from which the Foundation receives the net operating income at the end of the Series season.

Non-operating revenues (expenses)

Amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.

Additions to endowments

Contributions received for permanent endowments.

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>FY 22-21 Change</u>	<u>FY 21-20 Change</u>
Fund development:					
Revenues	\$ 2,418,955	\$ 2,114,897	\$ 653,404	\$ 304,058	\$ 1,461,493
Program services	(3,167,528)	(1,869,423)	(1,758,747)	1,298,105	110,676
Foundation support	(1,067,338)	(1,094,412)	(844,165)	(27,074)	250,247
Operating (loss)	(1,815,911)	(848,938)	(1,949,508)	(966,973)	1,100,570
Artist Series:					
Revenues from shows	18,804,090	4,778,072	8,252,827	14,026,018	(3,474,755)
Expenses of shows	(15,641,024)	(2,212,144)	(7,734,982)	13,428,880	(5,522,838)
Net activities	3,163,066	2,565,928	517,845	597,138	2,048,083
Net Investment Income (loss)	(10,461,878)	16,024,926	1,312,643	(26,486,804)	13,280,620
Changes in net position before contributions to permanent endowments	(9,114,723)	17,741,946	1,312,643	(26,856,669)	16,429,303
Contribution to permanent endowments	131,132	144,480	99,107	(13,348)	45,373
Total net position	\$ 66,899,151	\$ 75,882,742	\$ 57,996,316	\$ (8,983,591)	\$ 17,886,426

The Statement of Revenues, Expenses, and Changes in Net Position is presented as part of the basic financial statements. For the years ended September 30, 2022 and 2021, the Foundation's increase (decrease) in net position before contributions to endowments were \$(9.1) million and \$17.7 million, respectively, primarily due to the increase in market values for investments.

Fund development

For the years ended September 30, 2022 and 2021, the Foundation received major gifts from donors such as Bank of America Foundation, Florida Blue Foundation, Fidelity Foundation, and PMK Foundation.

Artist Series

The Artist Series had \$3,609,697 in advanced ticket sales for the 2023 season, a decrease of \$8,599,892 from the previous year end 2022 season.

The Artist Series had \$12,209,589 in advanced ticket sales for the 2022 season, an increase of \$4,209,650 from the previous year end 2021 season.

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$3,163,063 for the year ended September 30, 2022, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$429,485 for the year ended September 30, 2021, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

Non-operating revenues and expenses

Year ended September 30, 2022

Non-operating revenues/expenses totaled a \$10.4 million net loss, which includes interest and dividend, net of investment fees loss of \$102,619. Investment losses of \$10.3 million are attributed primarily to market value depreciation in the Foundation's investment portfolio.

Year ended September 30, 2021

Non-operating revenues/expenses totaled a \$16 million net gain, which includes interest and dividend, net of investment fees loss of \$117,901. Investment gains of \$16.1 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

Additions to endowments

Year ended September 30, 2022

Permanent endowments. The Foundation received \$131,132 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2022.

Year ended September 30, 2021

Permanent endowments. The Foundation received \$144,480 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2021.

Statements of Cash Flows

The Statements of Cash Flows provides certain information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents and indicates the cash provided by and used for operating, capital and related financing activities, and investing activities.

Operating Activities include funds received from private donors, projects, grants and other sources, and Artist Series activities and payments made to employees, suppliers for goods and services, and the College for programs, institutional and facilities support for Foundation operations.

Noncapital Financing Activities include funds received from donors for contributions to permanent endowments.

Investing Activities represent funds used to purchase investments and funds received from proceeds of investment sales, interest and dividends, and distributions from private equity funds.

Capital assets

The Foundation had no capital assets at September 30, 2022 or 2021.

**Florida State College at Jacksonville Foundation, Inc.
Management's Discussion and Analysis**

Economic outlook

The financial position of the Foundation is directly affected by certain economic conditions of Jacksonville's local economy. Through private and corporate contributions, as well as net operating revenues from Artist Series activities, the Foundation is expected to be able to directly support Florida State College at Jacksonville's efforts to continue providing scholarship support to students, the development of new programs to meet the ever-changing needs of employers and provide a leadership role in educational and community services for Duval and Nassau counties in northeast Florida.

Requests for information

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Cleve E. Warren, Executive Director
Florida State College at Jacksonville Foundation, Inc.
501 West State Street, Suite 104
Jacksonville, FL 32202

Florida State College at Jacksonville Foundation, Inc.
Statements of Net Position
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,701,035	\$ 4,868,494
Pledges receivable, current	432,004	1,163,927
Accounts receivable	-	150,652
Due from Florida State College at Jacksonville	5,950,643	11,627,991
Prepaid expenses	28,015	219,631
	<u>11,111,697</u>	<u>18,030,695</u>
Total current assets		
Noncurrent assets:		
Pledges receivable long-term, net	60,395	150,000
Investments, fair value	61,258,809	72,276,193
Artwork	23,675	23,675
Restricted cash, agency endowment	93,275	93,814
	<u>61,435,454</u>	<u>72,643,682</u>
Total assets	<u>\$ 72,547,851</u>	<u>\$ 90,574,377</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Due to Florida State College at Jacksonville	\$ 1,430,223	\$ 1,054,307
Unearned revenues	515,505	1,333,925
Unearned revenues - Artist Series	3,609,697	12,209,589
	<u>5,555,425</u>	<u>14,597,821</u>
Total current liabilities	<u>5,555,425</u>	<u>14,597,821</u>
Funds held as agency endowment	93,275	93,814
	<u>93,275</u>	<u>93,814</u>
Total liabilities	<u>5,648,700</u>	<u>14,691,635</u>
Net position:		
Restricted:		
Restricted by donors - expendable	6,040,196	5,068,856
Permanent endowments - nonexpendable	27,292,721	33,464,631
Unrestricted:		
Board appropriated	33,566,234	35,874,999
Unappropriated	-	1,474,256
	<u>33,566,234</u>	<u>37,349,255</u>
Total net position	<u>66,899,151</u>	<u>75,882,742</u>
Total liabilities and net position	<u>\$ 72,547,851</u>	<u>\$ 90,574,377</u>

Florida State College at Jacksonville Foundation, Inc.
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Program and fund development activities operating revenues:		
Operating revenues:		
Contributions	\$ 2,413,975	\$ 2,068,456
In-kind support from Florida State College at Jacksonville	-	32,317
Noncash contributions	4,980	11,124
Other revenues	-	3,000
	<u>2,418,955</u>	<u>2,114,897</u>
Operating expenses:		
Program services:		
Scholarships	1,128,632	791,323
Institutional and program support	2,038,896	1,078,100
	<u>3,167,528</u>	1,869,423
Supporting services:		
Salaries and benefits	447,823	513,000
Management and general	619,515	581,412
	<u>4,234,866</u>	<u>2,963,835</u>
Operating loss from program and fund development activities	<u>(1,815,911)</u>	<u>(848,938)</u>
Artist Series:		
Revenues from performing arts events and shows	16,414,372	222,615
Other revenues from Artist Series	216,977	173,866
Contributions	91,312	328,266
Grants	78,882	48,230
Shuttered Venue Operators Grant	2,002,547	4,005,095
Expenses of performing arts events	(14,634,195)	(1,254,335)
Salaries and benefits	(1,006,829)	(957,779)
	<u>3,163,066</u>	<u>2,565,958</u>
Operating income	<u>1,347,155</u>	<u>1,717,020</u>
Non-operating revenues (expenses):		
Interest and dividends, net of investment fees	(102,619)	(117,901)
Net appreciation (depreciation) in investment	(10,359,259)	16,142,827
	<u>(10,461,878)</u>	<u>16,024,926</u>
Change in net position before contributions to endowments	(9,114,723)	17,741,946
Contributions to permanent endowments	131,132	144,480
Change in net position	(8,983,591)	17,886,426
Net position, beginning	<u>75,882,742</u>	<u>57,996,316</u>
Net position, ending	<u>\$ 66,899,151</u>	<u>\$ 75,882,742</u>

See accompanying notes.

Florida State College at Jacksonville Foundation, Inc.
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Received from private donors	\$ 3,307,273	\$ 1,774,281
Received from projects, grants, and other sources	2,081,429	4,087,924
Received from performing arts productions	13,252,195	1,525,710
Payment received (from) in funds held as agency endowment, net	(539)	2,123
Payments to College for scholarships	(1,128,632)	(180,917)
Payments to employees and suppliers for goods and services	(16,327,466)	(3,416,799)
Payments to College for programs and facilities support	<u>(2,038,896)</u>	<u>(1,078,100)</u>
Net cash provided by (used in) operating activities	<u>(854,636)</u>	<u>2,714,222</u>
Cash flows from investing activities:		
Purchases of investments	(949,154)	(1,106,242)
Distributions from private equity investments	1,607,279	1,859,656
Interest and dividends received, net of investment fees	<u>(102,619)</u>	<u>(117,901)</u>
Net cash provided by investing activities	<u>555,506</u>	<u>635,513</u>
Cash flows from financing activities:		
Contributions to permanent endowment fund	<u>131,132</u>	<u>144,480</u>
Net cash provided by financing activities	<u>131,132</u>	<u>144,480</u>
Net increase (decrease) in cash and cash equivalents, including restricted	(167,998)	3,494,215
Cash and cash equivalents, including restricted, beginning	<u>4,962,308</u>	<u>1,468,093</u>
Cash and cash equivalents, including restricted, ending	<u>\$ 4,794,310</u>	<u>\$ 4,962,308</u>
Reconciliation of operating income to net cash flow from operating activities:		
Operating income	\$ 1,347,155	\$ 1,717,020
Adjustment to reconcile operation loss to net cash flow from operating activities:		
(Increase) decrease in pledges receivable	821,528	(43,696)
(Increase) decrease in accounts receivable	150,652	(150,652)
(Increase) decrease in amount due from College	5,677,348	(3,399,025)
(Increase) decrease in prepaid expenses	191,616	(121,586)
Increase in amount due to College	375,916	436,694
Increase (decrease) in unearned revenues	(9,418,312)	4,273,344
Increase (decrease) in funds held as agency endowment	<u>(539)</u>	<u>2,123</u>
	<u>\$ (854,636)</u>	<u>\$ 2,714,222</u>

See accompanying notes.

Notes to the Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

The Florida State College at Jacksonville Foundation, Inc. (the “Foundation”) is a not-for-profit corporation organized as a direct-support organization, as defined in Section 1004.70 of the Florida Statutes, and a component unit of the Florida State College at Jacksonville (the “College”). The Foundation provides financial support for the benefit of the students and programs of the College.

Revenue and support are received primarily from individuals and businesses, most of whom are located in northeast Florida. The Foundation also derives financial resources from the FSCJ Artist Series (the “Artist Series”) program which operates as a fundraising component of the Foundation and College. The Artist Series is a presenter of performing arts events and shows in northeast Florida and supports the College’s performing arts efforts including the Scholarship Endowment Fund. The Fund supports performing arts students, as well as other students, attending Florida State College at Jacksonville.

Basis of accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. The Foundation follows pronouncements issued by the Governmental Accounting Standards Board (“GASB”). GASB establishes standards for external financial reporting which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows using the direct method. These pronouncements also include a requirement that management provide a discussion and analysis of the basic financial statement and the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets**

Capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt that is attributable to those assets (currently not applicable to the Foundation).

- **Restricted**

Consists of assets that have externally imposed constraints placed upon their use, either by donors or through laws, regulations, or restrictions imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets as follows:

- **Expendable** - net position that is subject to donor, grantor or other outside party restrictions as to use for the benefit of various programs at the College or Foundation, including the expendable portion of endowment funds;
- **Nonexpendable** - net position representing the nonexpendable portion of endowment funds that are subject to donor, grantor or other outside party restrictions as to use for the benefit of various programs at the College or Foundation.

- **Unrestricted**

Net position that does not meet the definition of “restricted” or “net investment in capital assets” and are available without restriction for carrying out the Foundation’s objectives. Unrestricted net position may also be appropriated for specific purposes by action of the Foundation’s Board of Directors.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all cash on hand, cash on deposit, and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At September 30, 2022 and 2021, unrestricted cash and cash equivalents included amounts on deposit with a commercial bank totaling \$4,134,752 and \$3,979,259 respectively, which are available for immediate withdrawal. Restricted cash and cash equivalents totaled \$659,558 and \$983,049 at September 30, 2022 and 2021, respectively, consisting of bank demand deposit accounts.

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation may not be able to recover its deposits. The Foundation periodically maintains public deposits in excess of the Federal Deposit Insurance Corporation. All such public deposits as defined by Chapter 280, Florida Statutes are placed in Qualified Public Depositories. The Foundation had \$4,050,617 and \$3,983,043 in excess of federally insured limits at September 30, 2022 and 2021, respectively. Management does not believe there is any significant credit risk relative to these deposits.

Investments

Investments are stated principally at fair value based on quoted market values. Private equity fund and other alternative investments are based on external valuation sources. Net realized and unrealized gains and losses are recognized in the accompanying statement of revenues, expenses, and changes in net position. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other restrictions as well as investments not expected to be used during the Foundation’s next fiscal year. The Foundation’s intent is to hold its investments for the long term. However, the short-term operating needs of the Foundation may, at times, require the sale of a portion of these assets, subject to the approval of its Finance Committee from recommendation of the investment committee.

Unearned revenues – Artist Series

Unearned revenues primarily represent tickets sold in advance for Artist Series events and shows occurring after the statement of net position reporting date.

Contributions and pledges

The Foundation recognizes unrestricted contributions, including unconditional promises to give, as assets and revenues in the period received at fair values. Contributions are considered unrestricted unless their use is specifically restricted by the donor. Gifts of cash and other assets are reported as restricted support if their use is restricted by any outside party.

The Foundation receives pledges of financial support from corporations and individuals. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*”, endowment pledges or other pledges restricted for use in future periods do not meet eligibility requirements and are not recorded until the related gift is received.

Donor-restricted endowments

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on a 36-month average nonexpendable endowment balance. In accordance with state law, these funds are then available for expenditure, at 4% annually, when the specific donor criteria are met.

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

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

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

Operating income

Operating revenues and expenses are those items resulting from providing services and producing and delivering goods and services. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, net gains and losses on investments, and contributions received for endowments or from state matching funds are considered non-operating. When both restricted and unrestricted resources are available for use, the Foundation's policy is to use restricted resources first, then unrestricted resources as needed.

In-kind contributions

The College provides the Foundation with certain administrative and fiscal services, support personnel and staff, and office space at no cost. In addition, the College may incur expenses for the Artist Series performing arts events in excess of amounts reimbursed by the Foundation. Third parties, at times, may also contribute certain non-cash items for the benefit of the College. Such in-kind contributions are recorded at their estimated fair values both as revenues and expenses.

Real estate and artwork

Real estate and artwork are stated at cost on the date of purchase, or in the case of donated gifts, at their estimated fair value on the date of contribution. Changes in estimated fair value are recognized in the statement of changes in net position. Upon disposition, any related gain or loss is included in the change in net position.

Advertising and promotion

Advertising and promotion costs are primarily related to Artist Series shows and events. These costs are expensed as incurred. Advertising and promotion expense totaled \$71,991 and \$26,631 for the years ended September 30, 2022 and 2021.

Income taxes

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax.

Florida State College at Jacksonville Foundation, Inc.
Notes to Financial Statements

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statement; and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standards

The Foundation adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, Leases, which is a change in accounting principle that addresses accounting and financial reporting of leases. This statement addresses accounting and financial reporting for leases and requires the Foundation to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Foundation's leasing activities. The Foundation adopted this standard as of October 1, 2021. The adoption of this standard does not impact the comparability of amounts reported in prior periods.

Subsequent events

The Foundation has evaluated the effect subsequent events would have on the financial statements through May 18, 2023, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable are presented in the accompanying statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 432,004	\$ 1,187,033
Receivable in one to five years	<u>83,501</u>	<u>150,000</u>
	515,505	1,337,033
Discount to present value	<u>(23,106)</u>	<u>(23,106)</u>
Pledges receivable, net	<u>\$ 492,399</u>	<u>\$ 1,313,927</u>

Pledges receivable are recorded at net realizable value in accordance with GASB 33. Pledges receivable for amounts due in greater than one year from the reporting date have been discounted at 4.48% and 1.73% at September 30, 2022 and 2021, respectively. No allowance for uncollectible pledges was considered necessary at September 30, 2022 and 2021.

Five donors represented all of total pledges receivable at September 30, 2022. Eight donors represented all of total pledges receivable at September 30, 2021.

Florida State College at Jacksonville Foundation, Inc.
Notes to Financial Statements

3. Investments

The Foundation's investments are recorded at fair value and consist of corporate bonds, U.S. government bonds and agency securities, equity mutual funds, fixed income mutual funds, money market funds, and private equity funds. Real estate and artwork available for sale are recorded at estimated fair values.

The estimated fair values of investments are based on valuations provided by external investment managers and consist of the following:

	<u>2022</u>	<u>2021</u>
External pooled investment funds:		
Domestic equities	\$ 28,136,866	\$ 37,437,985
International equities	5,156,859	6,914,395
Real estate securities	2,999,929	3,621,630
Fixed income	12,907,730	11,532,274
Commodities	894,617	810,083
Money market	97,169	96,477
Private equity funds	11,065,639	11,863,349
Artwork	<u>23,675</u>	<u>23,675</u>
	<u>\$ 61,282,484</u>	<u>\$ 72,299,868</u>

The Foundation had subscribed to a total capital commitment in private equity funds of \$11,150,000. Additional subscriptions increased total capital commitments to \$14,150,000 at September 30, 2022 and 2021. Cumulative capital calls totaled \$11,460,126 through September 30, 2022 (\$10,218,040 at September 30, 2021), leaving future capital commitments of \$2,689,874. Capital calls are due from time to time without notice in varying amounts. The Foundation generally expects to be able to meet its capital commitment obligations.

The Foundation's net investment income (loss) is summarized as follows:

	<u>2022</u>	<u>2021</u>
Net realized and unrealized gains (losses)	\$ (10,359,259)	\$ 16,142,827
Interest and dividend income	5,528	937
Investment management fees	<u>(108,147)</u>	<u>(118,838)</u>
Net investment income (loss)	<u>\$ (10,461,878)</u>	<u>\$ 16,024,926</u>

4. Deposit and Investment Risk

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires the following disclosures of credit and interest rate risk related to the Foundation's investment holdings that are invested in fixed-income funds as of September 30, 2022 and 2021:

	2022			
	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Effective Duration</u>	<u>Average Credit Quality*</u>
Commonfund Intermediate Term Fund	\$ 5,091,471	2.6 years	2.0 years	AA
Commonfund Multi-Strategy Bond Fund	<u>7,816,259</u>	7.9 years	6.6 years	A+
Total fixed income securities	<u>\$ 12,907,730</u>			
	2021			
	<u>Fair Value</u>	<u>Weighted Average Life</u>	<u>Effective Duration</u>	<u>Average Credit Quality*</u>
Commonfund Intermediate Term Fund	\$ 2,326,060	2.5 years	1.7 years	AA
Commonfund Multi-Strategy Bond Fund	<u>9,206,214</u>	7.3 years	6.4 years	A+
Total fixed income securities	<u>\$ 11,532,274</u>			

Interest rate risk

The Foundation's investment policy does not specifically limit debt obligation maturities. However, as a means of managing the Foundation's exposure to fair value losses arising from changes in interest rates, the policy provides for diversifying fixed-income investments among maturities according to interest rate prospects.

Credit risk

The Foundation's investment policy provides that no more than 15% of the corporate debt securities in the fixed-income portfolio may be rated below investment-grade.

Custodial credit risk

The Foundation's investment policy does not address custodial credit risk.

Concentration of credit risk

The Foundation's investment policy provides that the maximum amount invested in the securities of a single issuer may not exceed 5% of total investments. Securities issued by the United States government and its agencies are not subject to this limitation.

5. Fair Value of Financial Assets

The Foundation implemented GASB Statement No. 72, Fair Value Measurement and Application (“GASB 72”), effective July 1, 2015. GASB 72 establishes the accounting and financial reporting issues related to fair value measurements of investments. The Foundation’s investments are reported at fair value, as defined under U.S. generally accepted accounting principles, which establishes a framework for measuring fair value and requires disclosures about fair value measurements. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Foundation has characterized its investments based on a three-level hierarchy to classify fair value measurements for disclosure purposes as follows:

- Level 1:** Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2:** Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management judgment and estimation. Such investment valuations are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation uses the market approach valuation technique to value its investments.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Prices for certain cash equivalents and investment securities, such as U.S. government bonds and agency securities, fixed income and equity mutual funds, and corporate bonds, are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

There is little or no observable market data for the prices of, private equity funds and artwork that are held by the Foundation. As a result, the fair values of these investments are categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value.

Commingled external investment pools

The Foundation’s investments, including its endowments, in Commonfund are commingled external investment pools of assets in which investors own units of the fund, not the actual underlying securities in the fund. Each fund of the commingled investment pool allocates their assets among a select group of private investment funds. The funds pursue multiple strategies to diversify risks and reduce volatility. The Foundation records the fair value of its fund of the commingled funds’ investments based on their proportionate share of the underlying fair value of the fund’s net asset value as reported by the fund’s investment manager. The Foundation’s investments in the Commonfund external investment funds are categorized as Level 2 or 3 of the fair value hierarchy, dependent upon whether the inputs are observable or unobservable.

Florida State College at Jacksonville Foundation, Inc.
Notes to Financial Statements

Private equity funds

Certain of the Foundation's endowment investments with Commonfund are also made in external private equity funds. Private equity funds are typically structured as closed-end, commitment-based investment funds in which the entity commits a specified amount of capital upon the fund's inception. Such funds generally do not provide for redemption options for investors nor permit subscriptions by new or existing investors. Accordingly, the interests in such private equity funds do not have an active market and are classified as Level 3 of the fair value hierarchy.

Artwork and real estate

Artwork and real estate are valued at their fair value on the date of donation. Since there is no active market for these investments, they are classified as Level 3 of the fair value hierarchy.

The following summarizes the Foundation's investments carried by level within the valuation hierarchy:

	2022			Fair Value
	Level 1	Level 2	Level 3	
Fixed income mutual funds	\$ -	\$ 12,907,730	\$ -	\$ 12,907,730
Equity mutual funds	-	28,136,866	-	28,136,866
International mutual funds	-	4,420,472	-	4,420,472
Real estate mutual funds	-	2,999,929	-	2,999,929
Commodity mutual funds	-	894,617	-	894,617
Emerging markets mutual funds	-	736,387	-	736,387
Money market	-	97,169	-	97,169
Private equity funds	-	-	11,065,639	11,065,639
Artwork	-	-	23,675	23,675
Total	\$ -	\$ 50,193,170	\$ 11,089,314	\$ 61,282,484

	2021			Fair Value
	Level 1	Level 2	Level 3	
Fixed income mutual funds	\$ -	\$ 11,532,274	\$ -	\$ 11,532,274
Equity mutual funds	-	37,437,985	-	37,437,985
International mutual funds	-	5,891,323	-	5,891,323
Real estate mutual funds	-	3,621,630	-	3,621,630
Commodity mutual funds	-	810,083	-	810,083
Emerging markets mutual funds	-	1,023,072	-	1,023,072
Money market	-	96,477	-	96,477
Private equity funds	-	-	11,863,349	11,863,349
Artwork	-	-	23,675	23,675
Total	\$ -	\$ 60,412,844	\$ 11,887,024	\$ 72,299,868

Florida State College at Jacksonville Foundation, Inc.
Notes to Financial Statements

The following is a reconciliation of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>2022</u>	<u>2021</u>
Fair value, beginning of period	\$ 11,887,024	\$ 7,815,476
Net realized and unrealized gains	(1,281,825)	5,115,525
Distributions	(699,881)	(1,859,656)
Purchases	<u>1,183,996</u>	<u>815,679</u>
Fair value, end of period	<u>\$ 11,089,314</u>	<u>\$ 11,887,024</u>

6. Funds Held as Agency Endowment

The Foundation holds certain funds as an agency endowment for the Prosperity Scholarship Fund, which provides scholarships to financially eligible students to attend college in northeast Florida. Scholarships to eligible students may be used at Florida State College at Jacksonville, University of North Florida, Jacksonville University, or Edward Waters College. Contributions to the Prosperity Scholarship Fund are permanently endowed and the investment earnings on the endowed account are used to fund the scholarships.

The Foundation recognizes an asset and liability which is measured at the fair value of the funds received from the donor. Distributions of cash for scholarships to specified third-party recipients are reported as decreases in the asset and related liability. Financial activity related to the fund is excluded from the Foundation's statements of revenues, expenses and changes in net position.

At September 30, 2022 and 2021, the balance in the Prosperity Scholarship Endowment account totaled \$93,275 and \$93,814, respectively, which is presented as a liability in the Foundation's statements of financial position. The following summarizes the fund's activity:

	<u>2022</u>	<u>2021</u>
Agency endowment fund balance, beginning of year	\$ 93,814	\$ 91,691
Contributions	6,618	6,623
Distributions to recipient colleges	<u>(7,157)</u>	<u>(4,500)</u>
Agency endowment fund balance, end of year	<u>\$ 93,275</u>	<u>\$ 93,814</u>

7. Shuttered Venue Operators Grant

During the years ending September 30, 2022 and 2021, the Foundation received grants of \$2,002,547 and \$4,005,095, respectively, under the Shuttered Venue Operators Grant program. This program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The grant provides emergency assistance to eligible venues affected by COVID-19. \$1,591,108 and \$1,868,235 was expended under this grant during the fiscal years ending September 30, 2022 and 2021, respectively.

8. State of Florida Matching of Private Contributions

The Foundation receives certain private contributions that were eligible to be matched, either all or in part, by the state of Florida College System. These matching funds are authorized by the Dr. Philip Benjamin Matching Grant Program for Community Colleges (Florida Statute 1011.85). For the year ended September 30, 2022, the Foundation submitted a certified appropriations request in the amount of \$1,611,695. The cumulative private contributions received during the period from February 2, 2007 to February 1, 2022 are as follows:

	<u>Eligible Contributions Received</u>	<u>State Match Requested</u>
Matching program for support scholarships (F.S. 1011.85(5))	\$ 10,630,804	\$ 10,113,146
Matching program for program support (F.S. 1011.85(6))	<u>7,896,217</u>	<u>4,947,685</u>
	<u>\$ 18,527,021</u>	<u>\$ 15,060,831</u>

The Foundation’s next appropriations request will be submitted upon request by the State.

Effective July 1, 2011, Senate Bill 2150 amended Florida Statute 1011.85 to temporarily suspend state matching funds for eligible donations received on or after June 30, 2011. As a result, the State of Florida Legislature did not appropriate funds for matching contributions for either of the years ended September 30, 2022 and 2021. Existing eligible donations remain eligible for future matching funds.

In addition to the above matching contributions, the state of Florida also appropriates certain nonrecurring general funds for scholarships to “first generation-in-college” students under the First Generation Matching Grant Program (“FGMG”). As of December 1, 2021 (for the year ended September 30, 2021), the Foundation had received \$85,273 of private contributions that were eligible for the FGMG match and had received 100% matching funds from the State of Florida by September 30, 2021.

9. Board Appropriated Unrestricted Net Position

Board appropriated unrestricted net position are appropriated as follows:

	<u>2022</u>	<u>2021</u>
Quasi-endowments	\$ 15,039,213	\$ 19,445,244
Philip Benjamin Matching Grant Program	<u>18,527,021</u>	<u>16,429,755</u>
	<u>\$ 33,566,234</u>	<u>\$ 35,874,999</u>

10. Restricted Net Position

Expendable restricted net position is restricted for scholarships or other similar purposes and totaled \$6,040,196 and \$5,068,856 at September 30, 2022 and 2021, respectively.

Nonexpendable restricted net position (endowments) is donor-directed contributions restricted in perpetuity for scholarships, program instruction, and other similar purposes. Nonexpendable restricted net position totaled \$27,292,721 and \$33,464,631 at September 30, 2022 and 2021, respectively.

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 fund, absent donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonexpendable restricted net position: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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.

The Foundation limits spending on endowments to a maximum of 4% on endowed programs & scholarships spending and 1% for an administrative fee for a total of 5% annually of the most recent prior year-end endowment fund balances provided net earnings are available.

11. Related-Party Transactions

The College incurs certain other expenses on behalf of the Foundation. Other in-kind expenses provided by the College were \$32,317 for the year ended September 30, 2021. There were no in-kind expenses provided by the College for the year ended September 30, 2022.

In connection with an arrangement between the College and Foundation, the College also employs certain employees whose services are related to the Artist Series performing arts activities on behalf of the Foundation. Other costs and expenses related to the Artist Series may also be incurred by the College. Artist Series personnel costs totaled \$1,006,829 and \$957,779 for the years ended September 30, 2022 and 2021, respectively. None of these expenses were provided in-kind by the College. As of September 30, 2022 and 2021, amounts due to the College totaled \$1,430,223 and \$1,054,307, respectively.

At September 30, 2022, amounts due from the College totaled \$5,950,643 (\$11,627,991 as of September 30, 2021), primarily related to Artist Series ticket sales for shows and events that occurred during the reporting period and advance ticket sales collected by the College for shows to be performed after the statement of net position date. At the end of the College's fiscal June 30 reporting period, an accounting of the Artist Series revenue and expense activities is prepared by the College, and any residual funds, net of Artist Series event expenses paid by the College, are remitted to the Foundation.

12. Concentrations of Market, Credit and Currency Risks

The Foundation's investments are subject to various risk factors including market, credit, and currency risk. Investments are made in the United States and internationally and thus have concentrations in such regions. The fund's investments are also subject to the risk associated with investing in private equity securities. The investments in private equity securities are generally illiquid, and there can be no assurance that the fund will be able to realize the value of such investments in a timely manner. The Foundation had approximately 18% and 16% of its total portfolio invested in private equity funds at September 30, 2022 and 2021, respectively.

The funds are invested, for purposes of capital appreciation, in various underlying funds that vary by size, industry and geographical concentration. Investment performance of an industry sector in which the funds have a concentration of investments may have a significant impact on the performance of the fund.

The Foundation's invested funds also participate in assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk related to certain factors not typically associated with investing in U.S. securities, including risks relating to currency exchange matters, differences between the U.S. and foreign securities markets, and certain other economic and political risks with respect to such securities.

13. Commitments and Contingencies

Investment subscription agencies

The Foundation is party to various subscription agreements with a private equity fund manager which provide for capital contributions as requested by the funds. At September 30, 2022, future funding commitments totaled \$2,689,874 (\$3,931,960 at September 30, 2021).

Grantor agencies

At times, the Foundation may receive grants from various government agencies. Activities related to these grants are subject to audit by the regulatory funding authority. As a result, the Foundation may be contingently liable for reimbursement of funds received which may exceed reimbursable expenditures. The Foundation's management believes that the liability, if any, for any reimbursable amounts would not be material to the financial statement.

Supplementary Information
Reports Required by
Government Audit Standards
and the Uniform Guidance

Florida State College at Jacksonville Foundation, Inc.
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2022

<u>Federal Granting Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Small Business Administration: COVID-19 Shuttered Venue Operators Grant	59.075	N/A	<u>\$ 1,591,108</u>
Total U.S. Small Business Administration			<u>1,591,108</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,591,108</u></u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Florida State College at Jacksonville Foundation, Inc. (a not-for-profit organization) (the "Foundation") under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Foundation has elected not to use the 10% de minimus cost rate allowed under Uniform Guidance.

4. Contingency

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such audit, any claim for reimbursement to the grantor would become a liability of the Foundation. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Florida State College at Jacksonville Foundation, Inc. (a nonprofit organization) (the “Foundation”) as of and for the year ended September 30, 2022, and the related notes to the financial statements and have issued our report thereon dated May 18, 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 auditing 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, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was limited for the 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.

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 statement amounts. However, providing an opinion on compliance with those provisions were 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*.

FORVIS

Purpose of the 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.

FORVIS,LLP

**Jacksonville, FL
May 18, 2023**

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Directors
Florida State College at Jacksonville Foundation, Inc.
Jacksonville, FL

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Florida State College at Jacksonville Foundation, Inc. (a not-for-profit organization) (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended September 30, 2022. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States ("Government Auditing Standards"); and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

FORVIS

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS, LLP

**Jacksonville, FL
May 18, 2023**

Schedule of Findings and Questioned Costs

Part I – Summary of Auditor’s Results

1. The Independent Auditor’s Report on whether the financial statements of Florida State College at Jacksonville Foundation, Inc. (the “Foundation”) were prepared in accordance to GAAP, dated May 18, 2023 expressed an unmodified opinion.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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* (report dated May 18, 2023) were noted.
3. No instances of noncompliance material to the financial statements of the Foundation, which would be required to be reported in accordance with Government Auditing Standards, were noted.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for the Major Program and Internal Control Over Compliance Required by the Uniform Guidance (report dated May 18, 2023).
5. The Independent Auditor’s Report on Compliance for Each Major Federal Program and On Internal Control Over Compliance Required by the Uniform Guidance, dated May 18, 2023, expressed an unmodified opinion.
6. There were no audit findings relative to the major federal awards programs that are required to be reported in accordance with CFR 200.516(a).
7. The Foundation’s major program was the Shuttered Venue Operators Grant (CFDA 59.075).
8. A threshold of \$750,000 was used to distinguish between Type A and Type B Programs.
9. The Foundation does not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

Part II – Findings – Financial Statement Audit

None reported.

Part III – Findings and Questioned Costs – Major Federal Awards

None reported.

Part IV – Status of Prior Year Findings

No prior year findings.