

# 2022

Foundation for Seminole State College of  
Florida, Inc. and Subsidiary  
(A Component Unit of Seminole State  
College of Florida)

Consolidated Financial Statements  
and Independent Auditor's Report

June 30, 2022

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF  
SEMINOLE STATE COLLEGE OF FLORIDA)

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Foundation for Seminole State College  
of Florida, Inc. and Subsidiary

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Foundation for Seminole State College of Florida, Inc. and Subsidiary (the Foundation) (a non-profit organization), a component unit of Seminole State College of Florida, which comprise the consolidated statements of net position as of June 30, 2022, and the related consolidated statements of revenues, expenses, and changes in net position and cash flows for the years then ended and the related notes to consolidated financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its financial position and its cash flows thereof for the year 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 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 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

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, and for 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.

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To the Board of Directors  
Foundation for Seminole State College  
of Florida, Inc. and Subsidiary

## INDEPENDENT AUDITOR'S REPORT

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.

### **Auditor's 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 15 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

To the Board of Directors  
Foundation for Seminole State College  
of Florida, Inc. and Subsidiary

## INDEPENDENT AUDITOR'S REPORT

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 opinion on the consolidated financial statements that collectively comprise the Foundation's basic consolidated financial statements. The supplementary information on page 35 is presented for purposes of additional analysis and is not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### Prior Period Financial Statements and Summarized Comparative Information

The financial statements of the Foundation as of June 30, 2021, were audited by other auditors whose report dated August 26, 2021, expressed an unmodified opinion on those financial statements. The summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, 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 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.



August 24, 2022  
Ocala, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Mission Statement**

*The Foundation for Seminole State College of Florida, Inc.'s (the "Foundation") mission is to enhance Seminole State College of Florida's programs and services through the development and management of private contributions and community partnerships. The Foundation provides resources that support academic excellence, increased access, and vital community outreach, which assist in the advancement of the institution, students, faculty, and staff.*

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The following discussion and analysis of the consolidated financial statements for the Foundation for Seminole State College of Florida, Inc. and Subsidiary (the "Foundation") presents an overview of the Foundation's financial activities for the fiscal years ended June 30, 2022, 2021, and 2020.

Established in 1968, the Foundation is a direct support organization and discrete component unit of Seminole State College of Florida (a governmental agency), hereafter referred to as the "College."

Management has prepared the consolidated financial statements and related footnote disclosures, along with the discussion and analysis, and assumes full responsibility for this information. The Foundation presents its consolidated financial statements under the governmental reporting model promulgated by the Governmental Accounting Standards Board ("GASB"). The Foundation's financial information is included within the College's reporting entity as a discretely presented component unit. Any requests for additional information should be directed to the Executive Director or the Director of Finance at the Foundation for Seminole State College, 1055 AAA Drive, Suite 209, Heathrow, Florida 32746.

The management's discussion and analysis focuses on current activities, resulting changes, and currently known information, which provide the reader of this report with an overall summary of the accompanying consolidated financial statements. It should be read in combination with the basic consolidated financial statements and accompanying notes that follow this section. The basic consolidated financial statements include the consolidated statements of net position; consolidated statements of revenues, expenses, and changes in net position; and consolidated statements of cash flows.

The great news is the College returned to full operations in FY22. Staff adjusted budgets accordingly in anticipation of more demand for support. For budgeted revenue staff was once again optimistic but cautious. Support for Dream Gala and Dream Cup remained extremely strong with combined revenue for the events being up \$108,000. This was an all-time high for these events. Individual contributions were up \$206,000 with most of the funds going into endowed accounts. There were fifteen new endowed scholarships funded totaling \$246K. For investments, a 3.5% return (including dividends and interest) was budgeted. There was a concern returns would be limited due to the run up in the markets since April 2020. Unfortunately, this was a reality in FY22 with endowed returns being down (13.53%). Since the Lee Account is solely in dividend paying stocks it weathered the year better, only being down (1.29%). The staff's dedication, hard work, and support by loyal donors led to another successful year.

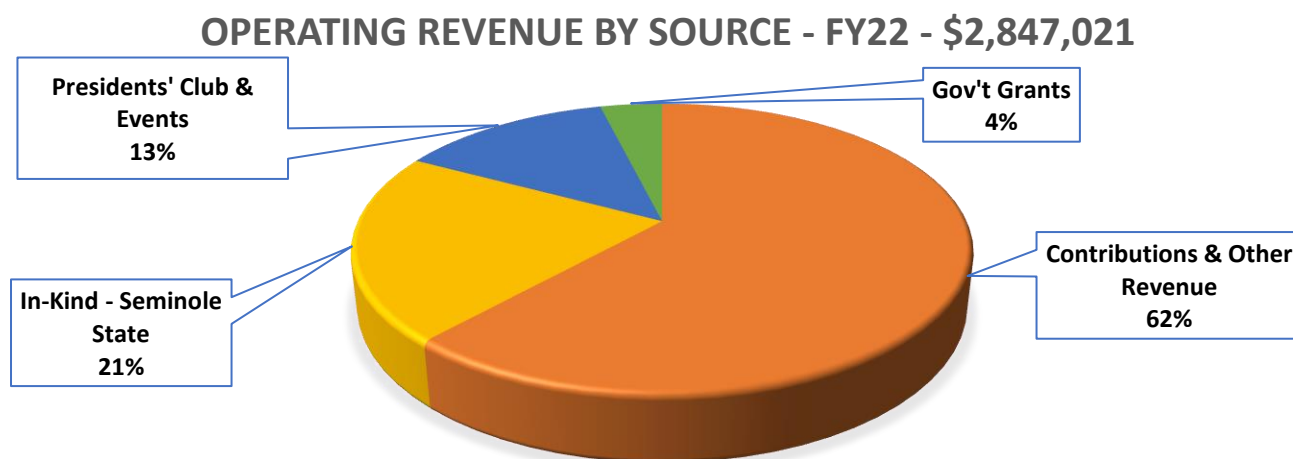
The return to full operations provided opportunities for the Foundation to further support the College. We can share, with great pride, the following successes, in fiscal year 2022:

1. Total scholarship support to the College \$1,175,540. This was the second highest amount (\$1.285M in FY20).
2. The funding of 15 new Endowed Accounts during the fiscal year bringing the total number of Permanent and Board Directed Endowed Accounts to 231 established within the Foundation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

3. Support to the College: \$2.6 million.
4. Combined Revenue for Dream Gala and Dream Cup the most ever, \$501,000.
5. Secured a \$100K grant for the College's new Raider Center.
6. Funded \$167K in upgrades to the Planetarium through unrestricted dollars and a grant from the Emil Buehler Foundation.

### Financial Highlights



In fiscal year 2022, the Foundation raised \$2,847,021 in operating revenue which includes additions to endowed scholarships. This combined with Dividends and Interest provided a net inflow of \$3.4M. Unfortunately, due to market volatility the Foundation reported a realized and unrealized loss on investments, net of (\$3,758,931).

The volatility in the markets impacted the overall financial statements for FY22. The fiscal year "Realized" investment income was up 3.3% or \$43K due to Capital Gains realized from Bank of America as they rotated investments. Interest and Dividends were up \$50K as companies restarted or increased dividends. The "Unrealized" investment income is where we felt the market volatility. The unrealized loss for all investments was (\$4.4M). This decrease equates to the unrealized gains achieved in FY21. Effectively all the unrealized gains in FY21 were given back in FY22.

### Consolidated Statements of Net Position

The consolidated statements of net position present all the Foundation's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the net assets may serve as one useful indicator of whether the financial position of the Foundation is improving or deteriorating. Many other non-financial factors receive consideration when assessing the overall health of the Foundation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Net position is listed as one of four classifications:

1. Net Investment in Capital Assets – This is comprised of capital assets, net of accumulated depreciation, where applicable, and deferred outflows related to future capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the Foundation.
2. Restricted Expendable – This represents amounts restricted by donors by use or time, which are available for spending in accordance with specific parameters as outlined by the donor.
3. Restricted Non-Expendable Endowments – This represents funds held by the Foundation in perpetuity as required by the donor. These are restricted permanent funds.
4. Unrestricted – Amounts available to the Foundation for any purpose that supports its mission.

The change in net position equals the excess of funds (contributions, investment income, and other revenue) over expenses. All revenues and expenses are taken into account regardless of when cash is received or paid. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. This relationship between revenues and expenses is similar to what is considered the “operating profit” or “loss” in a private-sector institution.

The following schedule is a summary of the Foundation’s consolidated statements of net position as of June 30, 2022, 2021, and 2020, and the variances from year to year:

|  | June 30, 2022        | June 30, 2021        | Increase<br>(Decrease)<br>FY22 vs. FY21 | June 30, 2020        | Increase<br>(Decrease)<br>FY21 vs. FY20 |
|--|----------------------|----------------------|---|----------------------|---|
| Current Assets                         | \$ 3,235,188         | \$ 3,984,676         | \$ (749,488)                            | \$ 3,210,924         | \$ 773,752                              |
| Non-Curent Assets                      | 29,592,350           | 33,249,086           | (3,656,736)                             | 29,356,946           | 3,892,140                               |
| <b>Total Assets</b>                    | <b>32,827,538</b>    | <b>37,233,762</b>    | <b>(4,406,224)</b>                      | <b>32,567,870</b>    | <b>4,665,892</b>                        |
| Current Liabilities                    | 290,960              | 331,294              | (40,334)                                | 416,809              | (85,515)                                |
| <b>Total Liabilities</b>               | <b>290,960</b>       | <b>331,294</b>       | <b>(40,334)</b>                         | <b>416,809</b>       | <b>(85,515)</b>                         |
| <b>Net Position</b>                    |                      |                      |   |                      |   |
| Net Investment in Capital Assets       | 4,072,171            | 4,572,171            | (500,000)                               | 5,105,053            | (532,882)                               |
| Restricted - Expendable                | 12,774,015           | 16,552,000           | (3,777,985)                             | 12,303,539           | 4,248,461                               |
| Restricted - Non-Expendable Endowments | 13,094,440           | 12,526,522           | 567,918                                 | 12,270,918           | 255,604                                 |
| Unrestricted                           | 2,595,952            | 3,251,775            | (655,823)                               | 2,471,551            | 780,224                                 |
| <b>Total Net Position</b>              | <b>\$ 32,536,578</b> | <b>\$ 36,902,468</b> | <b>\$ (4,365,890)</b>                   | <b>\$ 32,151,061</b> | <b>\$ 4,751,407</b>                     |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Foundation's net position decreased, (\$4,365,890) in 2022 compared to 2021. This is solely attributed to the pullback in the overall investment markets, which created an unrealized loss of (\$4.4M). Even with the unexpected unrealized losses the Foundation continued its stewardship focus and commitment to provide support to the College. For 2022, \$2.6 million (which consists of approximately \$2.3 million of scholarships and program support and \$250k of other operating expenses) in support was provided to the College. The net position of the Foundation increased substantially in 2021 compared to 2020 primarily due to unrealized gains in the investment accounts. The Foundation increased its scholarship support, \$90K to the College in 2022.

In May 2008, the Foundation purchased 3.28 acres at the northern gateway to the College near Lake Mary Boulevard for \$828,741. Site development increased the value of the land to \$872,171. On August 11, 2014, for \$600,000, the Foundation acquired 1.5673 acres of undeveloped land in Lake Mary, Florida, adjacent to the 3.28-acre parcel already owned by the Foundation. There is no outstanding debt on either of these properties, with final debt payments made in June 2014 and August 2018, respectively.

The Foundation received a donation of property in fiscal year 2016 with a value of \$4.1 million. This property was recorded as a capital asset and the appropriate depreciation for the dwellings and improvements commenced.

In 2021, an agreement was signed with Cushman and Wakefield to list this property for sale. This changed the character of the asset and an adjustment of \$429,078 for impairment was recorded. The Foundation entered into a sales contract, in spring FY22 and a further impairment of \$500,000 was recorded. The closing on the sale of the property should occur in the first quarter of FY23.

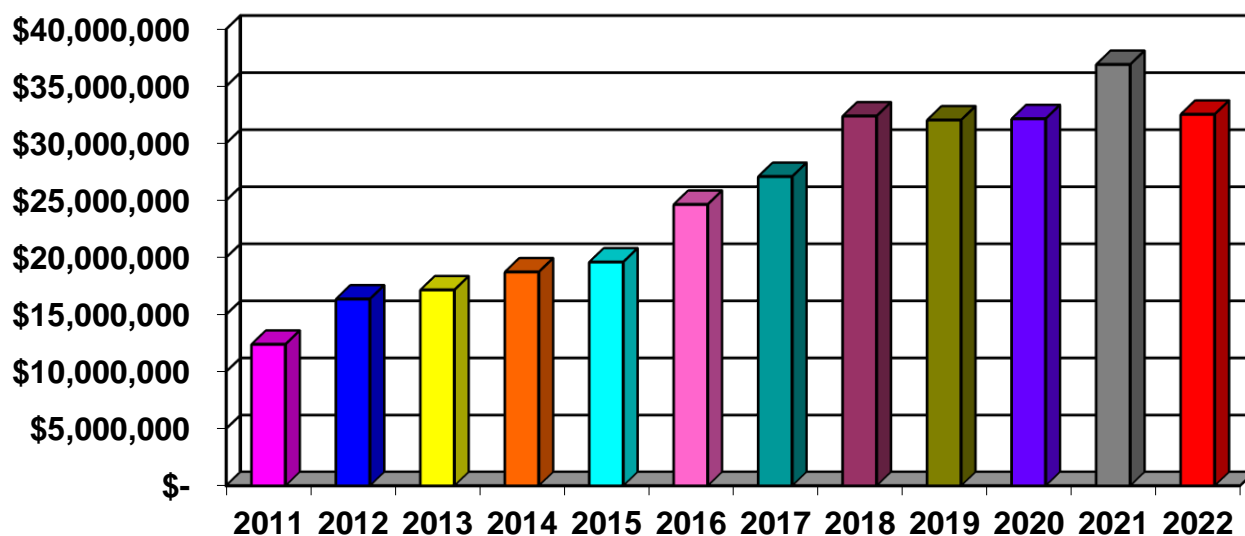
The Foundation's current assets, restricted by purpose to scholarship or program accounts, were \$2,801,931 in fiscal year 2022, \$3,353,491 in fiscal year 2021, and \$2,344,339 in fiscal year 2020. The decrease in FY22 is typically the fluctuations seen. The substantial jump in FY21 was due to cash being held in the investment accounts.

Non-current assets decreased in fiscal year 2022 to \$29,592,350. In fiscal years 2021, 2020, the amounts were \$33,249,086, \$29,356,946, respectively. The decrease in FY22 is due to unrealized investment losses and the impairment write-down related to the 17-92 property.

Current liabilities for fiscal year 2022 were \$290,960, a decrease of (\$40,334) from the prior year. Current liabilities are mostly payables owed to Seminole State College. These payables consist of student scholarships and reimbursement for Foundation staff costs. The payables were paid the first week of fiscal year 2022.

The following chart shows the ending net position on June 30 for each of the preceding 12 years:

## Net Asset Growth 2011 - 2022



### Consolidated Statements of Revenues, Expenses, and Changes in Net Position

|  |
|--|
| <b>Net Position</b><br><b>June 30, 2022</b><br><b>\$32,536,578</b> |
|--|

The purpose of the consolidated statements of revenues, expenses, and changes in net position is to provide details of the Foundation's operating and non-operating activities for the fiscal year. This statement includes the following sections:

1. Operating Revenues – Contributions from donors, College in-kind support, and other revenue.
2. Operating Expenses – Those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the Foundation; they are detailed by expenditure type.
3. Net Operating Income (Loss) – Represents the amount of operating revenues in excess of the year's operating expenses; it does not reflect nonoperating revenues.
4. Non-Operating Revenues (Expenses) – Revenue from sources that are derived from activities not related to core function, i.e., investment earnings (losses).
5. Change in Net Position – The result of the fiscal year's excess or deficiency of revenues over expenses, which is also the change in total net position.

The following schedule shows the Foundation's consolidated statements of revenues, expenses, and changes in net position for the years ended 2022, 2021, and 2020 and the variances from year to year:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

|  | June 30, 2022        | June 30, 2021        | Increase<br>(Decrease)<br>FY22 vs. FY21 | June 30, 2020        | Increase<br>(Decrease)<br>FY21 vs. FY20 |
|--|----------------------|----------------------|---|----------------------|---|
| <b>Operating Revenues</b>                    |                      |                      |   |                      |   |
| Contributions                                | \$ 1,137,893         | \$ 1,611,825         | \$ (473,932)                            | \$ 965,273           | \$ 646,552                              |
| Sponsorship Revenue                          | -                    | 17,905               | (17,905)                                | 383,478              | (365,573)                               |
| Other Revenues                               | 340,344              | 163,261              | 177,083                                 | 486,992              | (323,731)                               |
| Special Events, Net of Costs                 | 323,811              | 259,852              | 63,959                                  | 356,901              | (97,049)                                |
| In-Kind Support - College                    | 600,462              | 583,814              | 16,648                                  | 687,664              | (103,850)                               |
| <b>Total Operating Revenues</b>              | <b>2,402,510</b>     | <b>2,636,657</b>     | <b>(234,147)</b>                        | <b>2,880,308</b>     | <b>(243,651)</b>                        |
| <b>Operating Expenses</b>                    |                      |                      |   |                      |   |
| Personnel Services                           | 605,043              | 582,996              | 22,047                                  | 683,435              | (100,439)                               |
| Scholarships and Program Support             | 2,476,871            | 2,382,837            | 94,034                                  | 2,690,102            | (307,265)                               |
| Contractual Services                         | 284,084              | 291,950              | (7,866)                                 | 252,007              | 39,943                                  |
| Fundraising                                  | 1,883                | 83                   | 1,800                                   | 934                  | (851)                                   |
| Materials and Supplies                       | 61,193               | 30,590               | 30,603                                  | 43,127               | (12,537)                                |
| Other Services and Expenses                  | 98,074               | 167,081              | (69,007)                                | 176,258              | (9,177)                                 |
| <b>Total Operating Expenses</b>              | <b>3,527,148</b>     | <b>3,455,537</b>     | <b>71,611</b>                           | <b>3,845,863</b>     | <b>(390,326)</b>                        |
| <b>Operating (Loss) Income</b>               | <b>(1,124,638)</b>   | <b>(818,880)</b>     | <b>(305,758)</b>                        | <b>(965,555)</b>     | <b>146,675</b>                          |
| <b>Non-Operating Revenues (Expenses)</b>     |                      |                      |   |                      |   |
| State Grants                                 | 110,283              | 111,179              | (896)                                   | 111,166              | 13                                      |
| Realized and Unrealized Gains on Investments | (3,758,931)          | 5,166,612            | (8,925,543)                             | 145,673              | 5,020,939                               |
| Interest and Dividends                       | 573,172              | 523,167              | 50,005                                  | 587,541              | (64,374)                                |
| Impairment for Loss on Held-for-Sale Assets  | (500,000)            | (429,078)            | (70,922)                                | -                    | (429,078)                               |
| <b>Total Non-Operating Revenues</b>          | <b>(3,575,476)</b>   | <b>5,371,880</b>     | <b>(8,947,356)</b>                      | <b>844,380</b>       | <b>4,527,500</b>                        |
| <b>Endowment Contributions</b>               | <b>334,224</b>       | <b>198,407</b>       | <b>135,817</b>                          | <b>233,586</b>       | <b>(35,179)</b>                         |
| <b>Increase (Decrease) in Net Position</b>   | <b>(4,365,890)</b>   | <b>4,751,407</b>     | <b>(9,117,297)</b>                      | <b>112,411</b>       | <b>4,638,996</b>                        |
| <b>Net Position, Beginning of Year</b>       | <b>36,902,468</b>    | <b>32,151,061</b>    | <b>4,751,407</b>                        | <b>32,038,650</b>    | <b>112,411</b>                          |
| <b>Net Position, End of Year</b>             | <b>\$ 32,536,578</b> | <b>\$ 36,902,468</b> | <b>\$ (4,365,890)</b>                   | <b>\$ 32,151,061</b> | <b>\$ 4,751,407</b>                     |

### Operating Results

- The Foundation's relationship between revenues and expenses is not linear. Dollars are raised over multiple years and funds are spent over multiple years, not necessarily always matching up. For fiscal year 2022, the Foundation had an operating loss of (\$1,124,638), an increase in loss amount of \$305,514 from fiscal year 2021. Endowed Scholarship awards are based on the previous year's investment returns which were strong in 2021. The strong returns allowed for an additional \$90K in scholarship support in FY22.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

- The Foundation continued its strong support to the College for fiscal year 2022. The total support in FY22 was \$2,571,610 compared to \$2,635,514 in FY21. Academic salary support is one of the largest areas the Foundation supports the College and is the main reason for the reduction in support compared to FY21. This demand for salary support decreased in FY22 to \$510,695 compared to \$670,414 in FY21, and \$710,395 in FY20. There has also been an ongoing increase in student scholarship support. The Foundation has been able to provide \$1,175,550 (1,488 students) \$1,082,913 (1,886 students), \$1,285,903 (3,153 awards), in fiscal years 2022, 2021, and 2020, respectively through both endowed and non-endowed scholarships. The decrease in student count in FY22 was due to other available sources related to COVID relief programs. The assumption is this support will disappear in FY23 so we will see the student count trend back to pre-COVID levels. Endowed scholarship support increased in FY22 by \$40K. Since the three-year campaign (FY2014 – FY2016) was initiated, the Foundation has added 87 endowed scholarships through June 2022, in addition to several endowed program accounts, resulting in an increase in annual endowed support from \$83,378 for fiscal year 2013 to \$502,055 in fiscal year 2022. The Foundation’s Board adheres to a prudent spending policy by calculating endowed scholarship awards at 4% – 5% of the average market value of the previous five years.
- In fiscal year 2022, the Foundation received \$1,137,893 in direct operating contributions, sponsorships, and pledges, compared to \$1,611,825 in fiscal year 2021, a decrease of (\$474K). The difference in support is due to the recognition of multi-year pledges, FY21 for the nursing program and planetarium.
- Special event revenues, net of related costs, for fiscal years 2022, 2021, and 2020 were \$323,811, \$259,852, and \$356,901, respectively. These funds are raised from two events held annually by the Foundation, the Dream Gala and the Dream Cup Challenge Golf Tournament. In FY22, the Foundation partnered with the Foundation for Seminole County Public Schools for Dream Cup. The event was held at Top Golf instead of a traditional golf course. The significant in difference in fiscal year 2020 is because \$135K of the 3-Year pledge mentioned above was allocated to these events. This was also seen in 2015 when the initial 7-Year pledge was recognized. The annual scholarship auction, which has been an important component of the Dream Gala, since 2011, yielded \$48,356, \$65,021, and \$58,008 in fiscal years 2022, 2021, and 2020, respectively. The dip in support in FY22 was due to a 50% matching opportunity donors took to establish or increase his/her endowed scholarship account.
- Direct operating support of \$600,462 was received from the College in fiscal year 2022, an increase of \$16,648 over the prior year. The increase was a result of a one-time bonus paid by the College to all staff. Beginning in fiscal year 2019 the Foundation absorbed the cost of its scholarship position, which was only filled 1/2 of the year. Staff full-time equivalents (FTEs) (paid at year-end by the College) were approximately 6.3, 6.0, and 6.3 in fiscal years 2022, 2021, and 2020 respectively.

Direct operating support from the College consists of the following for the years ended June 30, 2022, 2021, and 2020:

|                     | Direct College Operating Support |            |            |
|---------------------|----------------------------------|------------|------------|
|                     | 2022                             | 2021       | 2020       |
| Salary and benefits | \$ 532,628                       | \$ 513,068 | \$ 616,918 |
| Occupancy and other | 67,834                           | 70,746     | 70,746     |
|                     | \$ 600,462                       | \$ 583,814 | \$ 687,664 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Non-Operating Results

- Endowment contributions of \$334,224 for fiscal year 2022, \$198,407 for fiscal year 2021, and \$233,586 for fiscal year 2020, are donor-permanently-restricted contributions. The Foundation has focused on this area with 31 endowments being established over the past 3 years. Here is the breakdown per year: seven (7) in fiscal year 2020, nine (9) in fiscal year 2021, and fifteen (15) in fiscal year 2022.
- Beginning with fiscal year 2009, the Dr. Philip Benjamin Matching Grant Program has not been funded by the state of Florida; the program was officially suspended for all future contributions received after June 29, 2011. Unmatched contributions received during the period from February 2, 2007, to June 29, 2011, remain in queue with the state. These matching funds will be paid if and when state funding permits; \$3,236,870 in state matching funds are pending for the Foundation.
- While the Dr. Philip Benjamin Matching Grant Program has been suspended, the state does still offer matching grant funds for scholarships for First Generation in College students. The amounts were \$111,166 and \$111,179 in fiscal years 2020 and 2021. For 2022 the amount was \$110,283.
- Investment income (interest and dividends) increased \$50K in 2022 as we saw a return to companies paying dividends. Interest income was down slightly in FY22, but we did see an increase in the monthly returns in the 4<sup>th</sup> quarter due to recent market conditions and inflation. We expect interest income to be slightly higher YOY in FY23.
- Over the last few years, the area of investment gains and losses have fluctuated significantly as the financial markets have endured the impacts of COVID. The Foundation experienced a significant increase in unrealized gains in FY21 but unfortunately most of those gains we lost in FY22.
- Realized and unrealized gains (losses) and investment fees on investments for the years ended June 30, 2022, 2021, and 2020, are as follows:

|                           | 2022           | 2021         | 2020       |
|---------------------------|----------------|--------------|------------|
| Realized gains (losses)   | \$ 784,231     | \$ 790,924   | \$ 123,618 |
| Unrealized gains (losses) | (4,424,864)    | 4,480,932    | 117,996    |
| Investment fees           | (118,290)      | (105,244)    | (95,941)   |
| Net gains (losses)        | \$ (3,758,923) | \$ 5,166,612 | \$ 145,673 |

### Operating Expenses

- Most of the programs and services generally associated with the Foundation's basic consolidated financial statements consist of institutional support and scholarships as the primary focus and consist of the following for the years ended June 30, 2022, 2021, and 2020:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

|                         | 2022         | 2021         | 2020         |
|-------------------------|--------------|--------------|--------------|
| Faculty personnel costs | \$ 510,685   | \$ 670,415   | \$ 710,395   |
| Program support         | 788,475      | 629,621      | 693,802      |
| Scholarships            | 1,175,540    | 1,082,914    | 1,285,905    |
| Total                   | \$ 2,474,700 | \$ 2,382,950 | \$ 2,690,102 |

Beginning in fiscal year 2013, the Foundation has provided salary support to the College consistently for the Nursing program. The Foundation increased its support for program in 2018, when the College began offering a Bachelor of Science degree in Nursing during the spring semester. Over the years, additional assistance has been supplied for Academic Advising for First Generation in College students, the Theater program and for support of Athletics Coaching.

As highlighted earlier, the Foundation's endowed portfolio continues to grow, generating more award dollars each year. Non-endowed scholarships in 2020 and 2021 were \$883,945 and 621,266, respectively.

In 2022 we saw an increase of support to \$683,485 as students returned post COVID. Average awards per student were \$790 and \$575, respectively, for fiscal years 2022 and 2021.

- For the years ended June 30, 2022, 2021, and 2020, the majority of Other Operating Expenses consisted of the following:

|                              | 2022       | 2021       | 2020       |
|------------------------------|------------|------------|------------|
| Personnel services           | \$ 605,043 | \$ 582,996 | \$ 683,435 |
| Contractual services         | 286,084    | 291,950    | 252,007    |
| Fundraising                  | 1,883      | 83         | 934        |
| Materials and supplies       | 62,813     | 30,590     | 43,127     |
| Other services and expenses* | 96,382     | 167,081    | 176,258    |

Personnel services were higher in 2020 due to overlap of existing staff leaving and his/her replacement starting. Also, the Foundation started paying 100% of the Scholarship Coordinator position in 2021.

Fundraising costs increased in FY22 since in-person gatherings returned. All fundraising costs over this 3 year period are related to Presidents Club solicitations, \$1,882, \$83, and \$934 respectively.

Other services and expenses saw a significant decrease in FY22 compared to previous years. This decrease is attributed to the 17-92 property changing character to an asset held for sale. Once the asset character changed depreciation for the buildings, site improvements, and parking lots stopped. This category also includes bank fees, credit card expenses, software maintenance, rental expense, etc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Consolidated Statements of Cash Flows

The consolidated statements of cash flows show the cash provided by and used in operating, investing, capital and related financing, and non-capital financing activities. This is another way to assess the financial strength of an institution. The consolidated statements of cash flows also help users evaluate:

1. The Foundation's ability to generate future net cash flows.
2. Its ability to meet its obligations as they come due.
3. Its need for external financing.

A summary of the Foundation's cash flows are as follows for the years ended June 30, 2022, 2021, and 2020:

|  | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|---------------------|
| Cash flows provided by (used in)                               |                     |                     |                     |
| Operating activities   | \$ (341,827)        | \$ (356,650)        | \$ (378,942)        |
| Investing activities   | (701,370)           | 645,448             | 525,542             |
| Capital and related financing activities                       | -                   | -                   | -                   |
| Non-capital financing activities                               | <u>514,465</u>      | <u>309,586</u>      | <u>344,752</u>      |
| Net change in cash, restricted cash and cash equivalents       | (528,732)           | 598,384             | 491,352             |
| Cash, restricted cash, and cash equivalents, beginning of year | <u>2,983,577</u>    | <u>2,385,193</u>    | <u>1,893,841</u>    |
| Cash, restricted cash, and cash equivalents, end of year       | <u>\$ 2,454,845</u> | <u>\$ 2,983,577</u> | <u>\$ 2,385,193</u> |

### Analysis of Cash Flows

For the purpose of cash flows, cash and cash equivalents include the Foundation's main operating account, money market deposits, and all highly liquid debt instruments with original maturities of three months or less. The amount of Cash, restricted cash, and cash equivalents at the end of fiscal year 2022 was \$2,454,845, a decrease of (\$528,732). The decrease in cash position is due to the movement of cash to the investment accounts in hopes of earning a higher yield than the interest paid in the operating account. As of June 30, 2020, the total cash, restricted cash, and cash equivalents number was \$2,385,193.

The net cash used in operating activities in fiscal years 2022 and 2021 was (\$341,827) and (\$356,650). The overall increased usage of cash for operating activities over the past several years is due to an increased support for scholarships and programs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended June 30, 2022, 2021, and 2020, the net cash provided by (used in) operating activities was derived from the following activities:

|  | <u>2022</u>                 | <u>2021</u>                 | <u>2020</u>                 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Receipts from contributions                            | \$ 2,485,245                | \$ 1,728,460                | \$ 1,096,081                |
| Other receipts   | 338,830                     | 622,979                     | 1,388,436                   |
| Less payments  |                             |                             |                             |
| For scholarships and program support                   | (2,609,570)                 | (2,321,824)                 | (2,493,888)                 |
| For employees  | (72,415)                    | (69,928)                    | (66,517)                    |
| To suppliers   | (483,917)                   | (316,337)                   | (303,053)                   |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Net cash provided by (used in)<br>operating activities | <u>\$ (341,827)</u>         | <u>\$ (356,650)</u>         | <u>\$ (378,941)</u>         |

Net cash outflows from investing activities in fiscal year 2022 were (\$701,370). This outflow is attributed to Bank of America's rotation of equities in its overall investing strategies. In fiscal year 2021 there was also some rotation but not to the level of FY22. The volatility in the markets provided buying opportunities but also reduced the number opportunities for sales of investments.

Cash provided for noncapital financing activities in fiscal year 2022 was \$514,465, an increase of \$204K from fiscal year 2021. This increase is mostly due to the number of new endowments established in FY22.

### Capital Assets and Long-Term Debt

In May 2008, the Foundation recorded its first capital asset at \$828,741. This represents a 3.28-acre parcel of land located at the northern entrance to the College's Sanford/Lake Mary Campus. In fiscal year 2009, site development work of \$43,430 brought the asset value to \$872,171. This acquisition was financed with a low-interest loan in 2008 that was paid in full by fiscal year 2014. In fiscal year 2015, the Foundation acquired 1.5673 acres of undeveloped land in Lake Mary, Florida, adjacent to the 3.28-acre parcel already owned by the Foundation, with a note of \$600,000 payable over five years, at a 2.56% interest rate. The Foundation paid this loan off in four years with the final payment of \$150,000 made in August 2018. The Foundation currently has no debt on capital assets.

The Foundation also owns 9.32 acres (debt-free), located on US Highway 17-92 in Longwood, including six buildings, and site improvements, from a property gift in fiscal year 2016. The land is valued at \$1,855,878; the buildings are valued at \$1,374,122, less depreciation of \$270,722 and less impairment of \$929,078. An initial impairment was recorded in 2021 due the Foundation listing the location for sale with Cushman and Wakefield. There was a contract for sale entered into in FY2022 which created an additional impairment of \$500,000. The sale of the property should conclude in the first quarter of FY2023. Site improvements are valued at \$870,000, less depreciation of \$300,200.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets consists of the following at June 30, 2022:

### Capital Assets Not Being Depreciated

|  |           |                         |
|--|-----------|-------------------------|
| Lake Mary Boulevard Land Purchase – 2008 | \$        | 872,171                 |
| Lake Mary Boulevard Land Purchase – 2015 |           | 600,000                 |
| <b>Total</b>                             | <b>\$</b> | <b><u>1,472,171</u></b> |

### Capital Assets Being Depreciated, Net

|   |           |                         |
|---|-----------|-------------------------|
| Longwood Property Gift – Land cost allocation – 2016              | \$        | 1,855,878               |
| Longwood Property Gift – Buildings cost allocation – 2016         |           | 174,322                 |
| Longwood Property Gift – Site Improvements cost allocation – 2016 |           | 569,800                 |
| <b>Total</b>  | <b>\$</b> | <b><u>2,600,000</u></b> |

### Future Economic Outlook

The Foundation is once again thankful to our existing donors and will continue to recognize their contributions and impact on our students and community. Looking forward, we believe there are a lot of wonderful opportunities for engagement and support for the Foundation across Central Florida. The area is still one of the fastest growing regions and Seminole County specifically continues to attract organizations with higher wages. We are optimistic about the future but will continue to approach the future in a measured positive manner. We will follow our budgets closely to ensure we have another year of positive support to the College.

The Foundation continues to have solid support from the community and is positioned well for the future. We look forward to further expanding our fundraising base and support for the College. For this next fiscal year our focus will be to:

- Priority on thanking our donors and partners for supporting the Foundation and College.
- Working with industry partners to upgrade our workforce trades building (D) on the Sanford campus.
- Further connect and engage our alumni and supporters with the Foundation and College.
- Work with our health care partners to identify resources to expand nursing and health care programs to produce a greater number of graduates.
- Focus on increasing support for the various programs at the College.
- Continue the utilization of technology to identify opportunities and improve processes.

This financial report is designed to provide the College, our donors, stakeholders, and creditors with a general overview of the Foundation's finances and to show the Foundation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Foundation at [foundation@seminolestate.edu](mailto:foundation@seminolestate.edu).

## **FINANCIAL STATEMENTS**

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY**  
**(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

|  | <b>2022</b>          | <b>2021</b>          |
|--|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Current Assets:                          |                      |                      |
| Cash and Cash Equivalents                | \$ 160,527           | \$ 457,611           |
| Restricted Cash and Cash Equivalents     | 2,294,785            | 2,525,966            |
| Pledges Receivable, Net                  | 272,730              | 173,574              |
| Restricted Pledges Receivable, Net       | 499,946              | 821,585              |
| Restricted Other Current Assets          | 7,200                | 5,940                |
| Total Current Assets                     | 3,235,188            | 3,984,676            |
| Non-Current Assets:                      |                      |                      |
| Investments, at Fair Value               | 1,854,519            | 2,424,366            |
| Restricted Investments, at Fair Value    | 23,494,620           | 25,409,629           |
| Pledges Receivable, Net                  | 171,040              | 342,920              |
| Restricted Pledges Receivable, Net       | -                    | 500,000              |
| Capital Assets Held for Sale             | 2,600,000            | 3,100,000            |
| Capital Assets Not Being Depreciated     | 1,472,171            | 1,472,171            |
| Total Non-Current Assets                 | 29,592,350           | 33,249,086           |
| <b>Total Assets</b>                      | <b>32,827,538</b>    | <b>37,233,762</b>    |
| <b>Liabilities</b>                       |                      |                      |
| Current Liabilities:                     |                      |                      |
| Accounts Payable and Accrued Expenses    | 1,976                | 5,036                |
| Due to Seminole State College of Florida | 81,945               | 18,945               |
| Payable from Restricted Assets:          |                      |                      |
| Due to Seminole State College of Florida | 181,201              | 284,052              |
| Assets Held for College Clubs            | 25,838               | 23,261               |
| <b>Total Liabilities</b>                 | <b>290,960</b>       | <b>331,294</b>       |
| <b>Net Position</b>                      |                      |                      |
| Net Investment in Capital Assets         | 4,072,171            | 4,572,171            |
| Restricted:                              |                      |                      |
| Expendable                               | 12,774,015           | 16,552,000           |
| Non-Expendable Endowments                | 13,094,440           | 12,526,522           |
| Unrestricted                             | 2,595,952            | 3,251,775            |
| <b>Total Net Position</b>                | <b>\$ 32,536,578</b> | <b>\$ 36,902,468</b> |

See accompanying notes.

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY**  
**(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)**  
**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| <b>Operating Revenues</b>                                  |                      |                      |
| Contributions  | \$ 1,137,893         | \$ 1,611,825         |
| Sponsorship Revenue  | -                    | 17,905               |
| Other Revenues   | 340,344              | 163,261              |
| Special Events, Net  | 323,811              | 259,852              |
| In-Kind Support - Seminole State College of Florida        | 600,462              | 583,814              |
| <b>Total Operating Revenues</b>                            | <u>2,402,510</u>     | <u>2,636,657</u>     |
| <b>Operating Expenses</b>                                  |                      |                      |
| Personnel Services   | 605,043              | 582,996              |
| Scholarships and Program Support                           | 2,476,871            | 2,382,837            |
| Contractual Services                                       | 284,084              | 291,950              |
| Fundraising  | 1,883                | 83                   |
| Materials and Supplies                                     | 61,193               | 30,590               |
| Other Services and Expenses                                | 98,074               | 167,081              |
| <b>Total Operating Expenses</b>                            | <u>3,527,148</u>     | <u>3,455,537</u>     |
| <b>Operating Loss</b>                                      | <u>(1,124,638)</u>   | <u>(818,880)</u>     |
| <b>Non-Operating Revenues (Expenses)</b>                   |                      |                      |
| State Grants   | 110,283              | 111,179              |
| Realized and Unrealized Gains/(Losses) on Investments, Net | (3,758,931)          | 5,166,612            |
| Interest and Dividends                                     | 573,172              | 523,167              |
| Impairment Loss on Capital Assets Held for Sale            | (500,000)            | (429,078)            |
| <b>Total Non-Operating Revenues (Expenses)</b>             | <u>(3,575,476)</u>   | <u>5,371,880</u>     |
| <b>Additions to Endowments - Contributions</b>             | <u>334,224</u>       | <u>198,407</u>       |
| <b>Change in Net Position</b>                              | (4,365,890)          | 4,751,407            |
| <b>Net Position, Beginning of Year</b>                     | <u>36,902,468</u>    | <u>32,151,061</u>    |
| <b>Net Position, End of Year</b>                           | <u>\$ 32,536,578</u> | <u>\$ 36,902,468</u> |

See accompanying notes.

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY**  
**(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>Operating Activities</b>   |                     |                     |
| Receipts from Contributions   | \$ 2,422,018        | \$ 1,728,460        |
| Other Receipts  | 339,084             | 622,979             |
| Payments for Scholarships and Program Support   | (2,516,722)         | (2,321,824)         |
| Payments for Employees  | (72,415)            | (69,928)            |
| Payments to Suppliers   | (443,834)           | (316,337)           |
| <b>Net Cash Used in Operating Activities</b>  | <u>(271,869)</u>    | <u>(356,650)</u>    |
| <b>Investing Activities</b>   |                     |                     |
| Receipts from Interest and Dividends  | 573,172             | 523,167             |
| Purchases of Investments  | (7,565,912)         | (7,908,500)         |
| Proceeds from Sales of Investments  | 6,291,837           | 8,030,781           |
| <b>Net Cash Provided by Investing Activities</b>                                      | <u>(700,903)</u>    | <u>645,448</u>      |
| <b>Non-Capital Financing Activities</b>   |                     |                     |
| State Grants  | 110,283             | 111,179             |
| Endowment Contributions Received for Other Capital Purposes                           | 334,224             | 198,407             |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                          | <u>444,507</u>      | <u>309,586</u>      |
| <b>Net Change in Cash, Restricted Cash, and Cash Equivalents</b>                      | (528,265)           | 598,384             |
| <b>Cash, Restricted Cash, and Cash Equivalents</b>                                    |                     |                     |
| Beginning of Year   | 2,983,577           | 2,385,193           |
| End of Year   | <u>\$ 2,455,312</u> | <u>\$ 2,983,577</u> |
| <b><u>Presented in the Accompanying Consolidated Statement of Net Position as</u></b> |                     |                     |
| Cash and Cash Equivalents   | \$ 160,527          | \$ 457,611          |
| Restricted Cash and Cash Equivalents  | 2,294,785           | 2,525,966           |
|   | <u>\$ 2,455,312</u> | <u>\$ 2,983,577</u> |

See accompanying notes.

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY**  
**(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

|  | <b>2022</b>         | <b>2021</b>         |
|--|---------------------|---------------------|
| <b><u>Reconciliation of Operating Loss to Net Cash, Restricted Cash, and Cash Equivalents Used in Operating Activities</u></b> |                     |                     |
| Operating Loss   | \$ (1,124,638)      | \$ (818,880)        |
| Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:  |                     |                     |
| Depreciation   | -                   | 103,804             |
| Changes in:  |                     |                     |
| Pledges Receivable   | 72,724              | 157,483             |
| Restricted Pledges Receivable  | 820,379             | 286,458             |
| Accounts Payable and Accrued Expenses  | (3,060)             | (41,485)            |
| Due to Seminole State College of Florida   | (39,851)            | (47,931)            |
| Assets Held for College Clubs  | 2,577               | 3,901               |
| Total Adjustments  | 852,769             | 462,230             |
| <b>Net Cash Used in Operating Activities</b>   | <b>\$ (271,869)</b> | <b>\$ (356,650)</b> |
| <b><u>Supplemental Disclosures</u></b>   |                     |                     |
| Non-Cash Investing and Financing Activities:   |                     |                     |
| Unrealized Gains (Loss) on Investments   | \$ (4,424,864)      | \$ 4,480,932        |
| Impairment of Capital Assets Held for Sale   | \$ (500,000)        | \$ (429,078)        |

See accompanying notes.

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**Note 1 - Organization and Purpose**

Foundation for Seminole State College of Florida, Inc. and Subsidiary (the Foundation) was chartered under Chapter 617 of the Florida Statutes as a not-for-profit and incorporated as a direct support organization, as provided for in Section 240.331 of the Florida Statutes. The Foundation was established in 1968 in Sanford, Florida. The Foundation's principal function is to receive, hold, invest, and administer charitable contributions for Seminole State College of Florida (the College). The Foundation is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes pursuant to Section 509(a) of the IRC.

The Foundation complies with accounting principles generally accepted in the United States of America. The Foundation applies all relevant Governmental Accounting Standards Board pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed Note 2. The remainder of the notes are organized to provide explanations, including required disclosures of the Foundation's financial activities for the fiscal years ended June 30, 2022 and 2021.

**Note 2 - Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Foundation functions as a direct support organization of the College, as defined in section 1004.70, Florida Statutes. Although the Foundation is legally separate from the College, it is financially accountable to the College. The Foundation is managed independently, outside the College budgeting process, and its powers generally are vested in a governing board pursuant to various state statutes. The Foundation holds, invests, and administers property and makes expenditures to or for the benefit of the College. The Foundation is considered a discrete component unit of the College.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Foundation prepares its consolidated financial statements using the economic resources measurement focus and on 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 principles used for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources, 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 purpose. Separate accounts are maintained for each fund. For reporting purposes, these funds are combined into one column.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

The net position of the Foundation is reported in three fund groups as follows:

*Net Investment in Capital Assets*—Represents funds that consist of capital assets, including restricted capital assets, net of accumulated depreciation.

*Restricted*—Within restricted, there are two fund types as follows:

- *Expendable*—Representing funds that are subject to donor, grantor, or other outside party restrictions to use for the benefit of various programs at the College, including the expendable portion of endowment funds.
- *Non-Expendable*—Representing the non-expendable portion of endowment funds that are subject to donor, grantor, or other outside party restrictions to use for the benefit of various programs at the College. Net earnings and losses on endowment funds are included in expendable funds.

*Unrestricted*—Representing funds that are available without restriction for carrying out the Foundation’s objectives.

**Basis of Consolidation**

The consolidated financial statements include the accounts of the Foundation and its wholly-owned subsidiary, Gould Property Expansion, LLC, a limited liability corporation established to receive and maintain a property that was contributed. All significant intercompany transactions and balances have been eliminated in the consolidation.

**Operating and Non-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 directly relate to the Foundation’s principal functions, which are to receive, hold, and invest and administer charitable contributions for the College. All revenues and expenses not meeting this definition or those earned and incurred on a passive basis, such as investments, are reported as non-operating revenues and expenses.

**Revenue Recognition**

Contributions are recognized as increases in net position when received or when pledged unconditionally. Assets donated to the Foundation are recorded at their estimated fair value at the date of donation. Donated services subject to objective measurement and valuation such as payroll and rent are recognized as revenue by the Foundation. Other donated services are not recognized as revenue by the Foundation. Rental income is recognized as earned in accordance with the terms of the lease.

**Cash, Restricted Cash, and Cash Equivalents**

For purposes of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash consists of cash and cash equivalents subjected to donor, grantor, or other outside party restrictions.

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**Investments**

Investments are carried at fair value and realized, and unrealized gains and losses are reflected in the consolidated statements of revenues, expenses, and changes in net position. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investments that are expected to be sold or redeemed within the next 12 months are classified as current investments while investments expected to be held over the next 12 months are classified as non-current investments.

**Pledges Receivable**

All unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. Restricted pledges receivable consists of pledges receivable subjected to donor, grantor, or other outside party restrictions. Pledges receivable potentially subject the Foundation to credit risk due to the uncertain nature of collectability. Management of the Foundation monitors the collectability of the pledges receivable and, if applicable, provides for allowances for doubtful pledges based on this assessment and specific identification. As of June 30, 2022 and 2021, the Foundation had not established an allowance account as all pledges were considered collectible.

**Capital Assets**

Capital assets, which include land and capitalized costs, are reported in the consolidated statements of net position. Capital assets are defined by the Foundation as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Assets acquired by gift or bequests are recorded at their fair market value at the date of transfer. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are charged to expense. Depreciation, where applicable, on assets is provided on the straight-line basis over their estimated useful lives. Capital assets being depreciated consist of buildings and improvements which are depreciated over estimated useful lives of 15 to 30 years.

Capital assets held for sale consist of 9.32 acres of land containing six buildings totaling approximately 79,500 square feet located in Longwood, Florida (see Note 6). This property was originally held for use by the College but is currently vacant. Capital assets are classified as held for sale when management's intent is to sell the property and the applicable accounting criteria are satisfied. This determination requires management to make estimates and assumptions, including assessing the probability that potential sales transactions may or may not occur. Actual results could differ from those assumptions. Upon designation as held for sale, the carrying values of the assets are recorded at the lower of the carrying value or the estimated fair value, less estimated selling costs. Assets held for sale are no longer depreciated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The Foundation reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. During the years ended June 30, 2022 and 2021, management evaluated certain real property in Longwood, Florida, and

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determined that the ability to recover the carrying value is unlikely. As a result of this evaluation, the Foundation recorded impairment losses of \$500,000 and \$429,078 for the years ended June 30, 2022 and 2021, respectively.

**Assets Held for College Clubs**

As a service to the College, the Foundation provides certain accounting services to various college clubs and other organizations which are involved with various college related activities. The Foundation records all cash receipts and disbursements of the clubs in individual liability accounts called “assets held for college clubs” in the consolidated statements of net position to reflect the cumulative balance due to these organizations. No other amounts which affect the club accounts are reflected in the accompanying consolidated financial statements.

**Income Taxes**

The Foundation is a non-profit corporation under Section 501(c)(3) of the IRC and is exempt from federal and state income taxes in accordance with Section 509(a) of the IRC.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in consolidated financial statements, and the amounts recognized are affected by income tax positions taken by the Foundation in its tax returns. The Foundation’s status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the IRC, the sustainability of some income tax positions taken by the Foundation in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the consolidated financial statements. Management does not believe that the Foundation has any material uncertain tax positions at June 30, 2022. In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

**Fundraising**

Costs associated with fundraising activities for the president’s club program are shown as fundraising expenses in the accompanying consolidated statements of revenues, expenses, and changes in net position. Included are all direct costs associated with these fundraising activities that include both fundraising and program or management and general functions.

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

**Use of Estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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**Subsequent Events**

The Foundation has evaluated subsequent events through August 24, 2022, the date which the consolidated financial statements were available to be issued. Based upon this evaluation, other than as disclosed in Note 6, the Foundation has determined that no other subsequent events have occurred which require adjustment to or disclosure in the consolidated financial statements.

**Note 3 - Deposits and Investments**

Generally, the goals of the Foundation's investment program for endowments are set forth in the investment policy as approved by the Foundation's Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect the endowment from inflation. For investments of endowed funds, except Title III funds, the investment policy includes target allocations of 55% equities, with a maximum of 70% (up to 70% and 25% of the total managed portfolio can be domestic and international) respectively, a target allocation of 30% fixed income with a maximum of 85%, and a target allocation of 15% alternative investments with a maximum of 25%. For investments of non-endowed funds, the investment policy includes target allocations of 25% equities with a maximum 45% (up to 30% and 15%, of the total managed portfolio can be domestic and international) respectively, a target allocation of 75% fixed income with a maximum of 100%, and a target allocation of 0% alternative investments, with a maximum of 5%. For Title III endowed funds, the investment policy includes target allocations of 80% fixed income with a minimum of 70% and maximum of 100%, a target allocation of 20% equities with a minimum of 0% and maximum of 30%.

In 2017, the Foundation received a contribution in the form of an investment portfolio endowment. The objective is to maximize investment returns with a primary focus on income generation from equity securities while maintaining prudent levels of risk to meet those objectives. Investments and earnings in this portfolio are subject to certain investment policies as stipulated by the donor. The investment policy includes a total target allocation of 95% equities, with an allowable range of 0% – 100% as defined (at least 50% of the total managed portfolio must be domestic equities), a target allocation of 5% cash equivalents or certificates of deposits, with an allowable range of 0% – 30%, and allowable ranges for various other security types, as defined, of 0% to a maximum of 30%, as defined.

Management believes the Foundation is in compliance with its investment policies for the year ended June 30, 2022.

**Custodial Credit Risk**

The *Florida Security for Public Deposits Act* (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, Foundation deposits in qualified public depositories are fully insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

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Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. No more than 5% of Foundation investments can be invested with a single company, and no more than 30% of investments can be in one equity industry.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The tables on the following pages summarizes the ratings of the Foundation's debt instruments using the higher of Standard & Poor's or Moody's, nationally recognized statistical rating organizations. The Foundation's investment policy requires investment grade bonds and commercial papers to be rated B+ and A1 or better, respectively.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. The Foundation had approximately \$230,000 and \$283,000 in foreign fixed-income bonds at June 30, 2022 and 2021, respectively.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy provides guidelines such as duration maximums and collateralization requirements to reduce its interest rate risk.

The Foundation's investments at June 30, 2022, were as follows:

| <u>Investment Type</u>               | <u>Credit Quality</u> | <u>Average Maturities</u> | <u>Cost</u>      | <u>Fair Value</u> |
|--------------------------------------|-----------------------|---------------------------|------------------|-------------------|
| Interest-Sensitive Investments:      |                       |                           |                  |                   |
| Corporate Bonds                      | AAA – Baa3            | 3.83 Years                | \$ 4,206,251     | \$ 3,862,572      |
| U.S. Treasury Bonds                  | AAA – AA+             | 3.04 Years                | 1,128,175        | 1,029,402         |
| Foreign Bonds                        | AAA – Baa3            | 4.10 Years                | <u>390,199</u>   | <u>340,715</u>    |
| Total Interest-Sensitive Investments |                       |                           | <u>5,724,625</u> | <u>5,232,689</u>  |

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| <u>Investment Type</u>  | <u>Credit Quality</u> | <u>Average Maturities</u> | <u>Cost</u>          | <u>Fair Value</u>    |
|---|-----------------------|---------------------------|----------------------|----------------------|
| Alternative Investments:  |                       |                           |                      |                      |
| U.S. Mortgage-Backed Securities                                     | AAA – AA+             | 3.47 Years                | \$ 684,926           | \$ 627,061           |
| Total Alternative Investment  |                       |                           | <u>684,926</u>       | <u>627,061</u>       |
| Equity Investments:   |                       |                           |                      |                      |
| Mutual Funds  | N/A                   | N/A                       | 3,763,565            | 3,899,147            |
| Domestic Equities   | N/A                   | N/A                       | 11,680,662           | 13,850,241           |
| International Equities  | N/A                   | N/A                       | <u>1,680,754</u>     | <u>1,740,001</u>     |
| Total Equity Investments  |                       |                           | <u>17,124,981</u>    | <u>19,489,389</u>    |
| Total Investments   |                       |                           | 23,534,532           | 25,349,139           |
| Carrying Value of Cash and Cash Equivalents                         |                       |                           | <u>2,447,788</u>     | <u>2,455,312</u>     |
| Total Cash, Cash Equivalents, and Investments                       |                       |                           | <u>\$ 25,982,320</u> | <u>\$ 27,804,451</u> |
| Presented in the Accompanying Consolidated Financial Statements as: |                       |                           |                      |                      |
| Cash and Cash Equivalents   |                       |                           |                      | \$ 160,527           |
| Restricted Cash and Cash Equivalents                                |                       |                           |                      | 2,294,785            |
| Investments – Non-Current   |                       |                           |                      | 1,854,519            |
| Restricted Investments – Non-Current                                |                       |                           |                      | <u>23,494,620</u>    |
|   |                       |                           |                      | <u>\$ 27,804,451</u> |

The Foundation's Investments at June 30, 2021, were as follows:

| <u>Investment Type</u>               | <u>Credit Quality</u> | <u>Average Maturities</u> | <u>Cost</u>      | <u>Fair Value</u> |
|--------------------------------------|-----------------------|---------------------------|------------------|-------------------|
| Interest-Sensitive Investments:      |                       |                           |                  |                   |
| Corporate Bonds                      | AAA – Baa3            | 5.41 Years                | \$ 4,409,487     | \$ 4,547,428      |
| U.S. Treasury Bonds                  | AAA – AA+             | 10.28 Years               | 1,141,885        | 1,138,184         |
| Foreign Bonds                        | A2 – Baa3             | 3.92 Years                | <u>279,013</u>   | <u>283,497</u>    |
| Total Interest-Sensitive Investments |                       |                           | <u>5,830,385</u> | <u>5,969,109</u>  |
| Alternative Investments:             |                       |                           |                  |                   |
| U.S. Mortgage-Backed Securities      | AAA – AA+             | 21.24 Years               | \$ 1,096,586     | \$ 1,097,165      |
| Total Alternative Investment         |                       |                           | <u>1,096,586</u> | <u>1,097,165</u>  |

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| <u>Investment Type</u>  | <u>Credit<br/>Quality</u> | <u>Average<br/>Maturities</u> | <u>Cost</u>          | <u>Fair<br/>Value</u> |
|---|---------------------------|-------------------------------|----------------------|-----------------------|
| Equity Investments:   |                           |                               |                      |                       |
| Mutual Funds  | N/A                       | N/A                           | \$ 5,548,424         | \$ 7,541,434          |
| Domestic Equities   | N/A                       | N/A                           | 6,752,102            | 9,984,720             |
| International Equities  | N/A                       | N/A                           | <u>2,370,165</u>     | <u>3,241,567</u>      |
| Total Equity Investments  |                           |                               | <u>14,670,691</u>    | <u>20,767,721</u>     |
| Total Investments   |                           |                               | 21,597,662           | 27,833,995            |
| Carrying Value of Cash and Cash Equivalents                         |                           |                               | <u>2,983,577</u>     | <u>2,983,577</u>      |
| Total Cash, Cash Equivalents, and Investments                       |                           |                               | <u>\$ 24,581,239</u> | <u>\$ 30,817,572</u>  |
| Presented in the Accompanying Consolidated Financial Statements as: |                           |                               |                      |                       |
| Cash and Cash Equivalents   |                           |                               |                      | \$ 457,611            |
| Restricted Cash and Cash Equivalents                                |                           |                               |                      | 2,525,966             |
| Investments – Non-Current   |                           |                               |                      | 2,424,366             |
| Restricted Investments – Non-Current                                |                           |                               |                      | <u>25,409,629</u>     |
|   |                           |                               |                      | <u>\$ 30,817,572</u>  |

For the years ended June 30, 2022 and 2021, realized and unrealized losses on investments in the consolidated statements of revenues, expenses, and changes in net position are net of investment expenses of approximately \$118,000 and \$105,000, respectively.

**Note 4 - Fair Value Measurements**

The Foundation's estimates of fair value for investments are based on the framework established in the fair value measurements and disclosures accounting guidance. The framework is based on the inputs used in the valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Foundation's significant market assumptions. The three levels of the hierarchy are as follows:

**Level 1**—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

**Level 2**—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

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If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3**—Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Foundation’s own assumptions about the inputs that market participants would use.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, the Foundation estimates fair value using methods, models, and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income-based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

The following tables present the levels within the fair value hierarchy in which the Foundation’s financial instruments are measured on a recurring basis at June 30:

|                                      | <b>2022</b>          |                      |                     |                |
|--------------------------------------|----------------------|----------------------|---------------------|----------------|
|                                      | <b>Total</b>         | <b>Level 1</b>       | <b>Level 2</b>      | <b>Level 3</b> |
| Interest-Sensitive Investments:      |                      |                      |                     |                |
| Corporate Bonds                      | \$ 3,862,572         | \$ -                 | \$ 3,862,572        | \$ -           |
| U.S. Treasury Bonds                  | 1,029,402            | 1,029,402            | -                   | -              |
| Foreign Bonds                        | <u>340,715</u>       | -                    | <u>340,715</u>      | -              |
| Total Interest-Sensitive Investments | <u>5,232,689</u>     | <u>1,029,402</u>     | <u>4,203,287</u>    | -              |
| Alternative Investments:             |                      |                      |                     |                |
| U.S. Mortgage-Backed Securities      | <u>627,061</u>       | -                    | <u>627,061</u>      | -              |
| Total Alternative Investments        | <u>627,061</u>       | -                    | <u>627,061</u>      | -              |
| Equity Investments:                  |                      |                      |                     |                |
| Mutual Funds                         | 3,899,147            | 3,899,147            | -                   | -              |
| Domestic Equities                    | 13,850,241           | 13,850,241           | -                   | -              |
| International Equities               | <u>1,740,001</u>     | <u>1,740,001</u>     | -                   | -              |
| Equity Investments                   | <u>19,489,389</u>    | <u>19,489,389</u>    | -                   | -              |
| Total Fair Value Measurements        | <u>\$ 25,349,139</u> | <u>\$ 20,518,791</u> | <u>\$ 4,830,348</u> | <u>\$ -</u>    |

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|                                      | 2021                 |                      |                     |             |
|--------------------------------------|----------------------|----------------------|---------------------|-------------|
|                                      | Total                | Level 1              | Level 2             | Level 3     |
| Interest-Sensitive Investments:      |                      |                      |                     |             |
| Corporate Bonds                      | \$ 4,547,428         | \$ -                 | \$ 4,547,428        | \$ -        |
| U.S. Treasury Bonds                  | 1,138,184            | 1,138,184            | -                   | -           |
| Foreign Bonds                        | 283,497              | -                    | 283,497             | -           |
| Total Interest-Sensitive Investments | <u>5,969,109</u>     | <u>1,138,184</u>     | <u>4,830,925</u>    | <u>-</u>    |
| Alternative Investments:             |                      |                      |                     |             |
| U.S. Mortgage-Backed Securities      | 1,097,165            | -                    | 1,097,165           | -           |
| Total Alternative Investments        | <u>1,097,165</u>     | <u>-</u>             | <u>1,097,165</u>    | <u>-</u>    |
| Equity Investments:                  |                      |                      |                     |             |
| Mutual Funds                         | 7,541,434            | 7,541,434            | -                   | -           |
| Domestic Equities                    | 9,984,720            | 9,984,720            | -                   | -           |
| International Equities               | 3,241,567            | 3,241,567            | -                   | -           |
| Equity Investments                   | <u>20,767,721</u>    | <u>20,767,721</u>    | <u>-</u>            | <u>-</u>    |
| Total Fair Value Measurements        | <u>\$ 27,833,995</u> | <u>\$ 21,905,905</u> | <u>\$ 5,928,090</u> | <u>\$ -</u> |

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 value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021:

*Common Stocks (Equities)*—Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual Funds*—Funds valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

*Bonds (Corporate, U.S. Treasury, and Foreign)*—Valued using pricing models maximizing the use of observable inputs for the same or similar securities. This includes basing value on yields currently available on comparable securities of issuers with the same or similar credit ratings.

*U.S. Mortgage-Backed Securities*—Funds valued using pricing models maximizing the use of observable inputs for similar securities.

The carrying value of cash and cash equivalents, due from and to the College, and accounts payable are reasonable estimates of their fair value due to the short-term nature of the financial instruments.

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**Fair Value Measurements on Non-Recurring Basis**

Long-lived assets are measured at fair value on a non-recurring basis and are subject to fair value adjustments when there is evidence of impairment. The following table presents assets carried on the statements of financial position by caption and by level within the fair value hierarchy, as described above, as of June 30, 2022, for which a non-recurring change in fair value has been recorded in the accompanying financial statements during the year ended June 30, 2022:

|                              | <u>Fair Value Measurements as of June 30, 2022, Using</u>                        |  |  |                     | <u>Total<br/>Losses</u> |
|------------------------------|--|--|--|---------------------|-------------------------|
|                              | <u>Quoted Price in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</u> | <u>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |                     |                         |
| Capital Assets Held for Sale | <u>\$ 2,600,000</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 2,600,000</u> | <u>\$ 500,000</u>       |

As of June 30, 2022, assets included in capital assets held for sale with a combined carrying amount of \$2,600,000 were written down to their implied fair value, resulting in impairment charges totaling \$500,000, which are included in the accompanying consolidated statements of revenues, expenses, and changes in net position.

**Note 5 - Pledges Receivable**

Unrestricted and restricted pledges receivable are recorded in the consolidated statements of net position at their estimated net realizable value. The pledges receivable were discounted using a risk-free interest rate of .49% as of June 30, 2022. Pledges receivable as of June 30, 2022, are summarized as follows:

|   | <u>Unrestricted</u> | <u>Restricted</u> |
|---|---------------------|-------------------|
| 2023  | \$ 275,850          | \$ 499,946        |
| 2024  | <u>175,000</u>      | <u>-</u>          |
|   | 450,850             | 499,946           |
| Less: Present Value Discount                | <u>7,080</u>        | <u>-</u>          |
| Total Pledges Receivable, Net               | 443,770             | 499,946           |
| Less: Current Portion of Pledges Receivable | <u>272,730</u>      | <u>499,946</u>    |
| Long-Term Portion of Pledges Receivable     | <u>\$ 171,040</u>   | <u>\$ -</u>       |

In July 2014, the Foundation executed a sponsorship agreement with a local credit union. Under the terms of this agreement, the credit union will make annual contributions of up to \$225,000 but not less than \$175,000 through June 30, 2024. The contract was eligible for termination by either party at June 30, 2021, upon written notice provided no later than June 30, 2020. Neither party exercised the termination option during the year ended June 30, 2020. Future amounts to be paid under this agreement have been included in pledges receivable, net of discount, in the consolidated statements of net position. Revenues recognized under this agreement have been recorded as contributions and sponsorship revenues in the consolidated statements of revenues, expenses, and changes in net position.

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**Note 6 - Capital Assets**

In August 2015, the Foundation received an unrestricted contribution of approximately 9.32 acres of land containing six buildings totaling approximately 79,500 square feet located in Longwood, Florida. The property's fair value was estimated at \$4,100,000 at the time of the transfer of which \$1,855,878 was allocated to land and \$2,244,122 was allocated to buildings and improvements. In June 2021, the Foundation entered into a listing agreement with a real estate broker to facilitate the sale of the Longwood, Florida property. In July 2022, the Foundation received a letter of intent to purchase the property for a total price of \$2,600,000. Accordingly, management conducted an analysis for impairment resulting in a loss of \$500,000 recognized during the year ended June 30, 2022, to adjust the property to its estimated fair value (see Note 4).

In May 2008, the Foundation purchased 3.28 acres at the northern gateway to the College. Site development began on this property in fiscal year 2009, but has been dormant since then. In August 2014, the Foundation purchased an additional 1.5673 acres adjacent to the land purchased in 2008 for \$600,000. As of June 30, 2022, no future development plans for the land have been finalized.

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

|  | July 1, 2021 | Increases | Decreases | Reclassifications | Impairment<br>Losses | June 30, 2022 |
|--|--------------|-----------|-----------|-------------------|----------------------|---------------|
| Capital Assets Not Being Depreciated:  |              |           |           |                   |                      |               |
| Land                                   | \$ 1,472,171 | \$ -      | \$ -      | \$ -              | \$ -                 | \$ 1,472,171  |
| Capital Assets Being Depreciated:      |              |           |           |                   |                      |               |
| Buildings and Improvements             | -            | -         | -         | -                 | -                    | -             |
| Accumulated Depreciation               | -            | -         | -         | -                 | -                    | -             |
| Total Capital Assets Being Depreciated | -            | -         | -         | -                 | -                    | -             |
| Capital Assets Held for Sale:          |              |           |           |                   |                      |               |
| Land                                   | 1,855,878    | -         | -         | -                 | -                    | 1,855,878     |
| Buildings and Improvements             | 1,815,044    | -         | -         | -                 | (500,000)            | 1,315,044     |
| Accumulated Depreciation               | (570,922)    | -         | -         | -                 | -                    | (570,922)     |
| Total Capital Assets Held for Sale     | 3,100,000    | -         | -         | -                 | (500,000)            | 2,600,000     |
| Total Capital Assets, Net              | \$ 4,572,171 | \$ -      | \$ -      | \$ -              | \$ (500,000)         | \$ 4,072,171  |

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

|  | July 1, 2020 | Increases    | Decreases | Reclassifications | Losses       | June 30, 2021 |
|--|--------------|--------------|-----------|-------------------|--------------|---------------|
| Capital Assets Not Being Depreciated:  |              |              |           |                   |              |               |
| Land                                   | \$ 3,328,049 | \$ -         | \$ -      | \$ (1,855,878)    | \$ -         | \$ 1,472,171  |
| Capital Assets Being Depreciated:      |              |              |           |                   |              |               |
| Buildings and Improvements             | 2,244,122    | -            | -         | (2,244,122)       | -            | -             |
| Accumulated Depreciation               | (467,118)    | (103,804)    | -         | 570,922           | -            | -             |
| Total Capital Assets Being Depreciated | 1,777,004    | (103,804)    | -         | (1,673,200)       | -            | -             |
| Capital Assets Held for Sale:          |              |              |           |                   |              |               |
| Land                                   | -            | -            | -         | 1,855,878         | -            | 1,855,878     |
| Buildings and Improvements             | -            | -            | -         | 2,244,122         | (429,078)    | 1,815,044     |
| Accumulated Depreciation               | -            | -            | -         | (570,922)         | -            | (570,922)     |
| Total Capital Assets Held for Sale     | -            | -            | -         | 3,529,078         | (429,078)    | 3,100,000     |
| Total Capital Assets, Net              | \$ 5,105,053 | \$ (103,804) | \$ -      | \$ -              | \$ (429,078) | \$ 4,572,171  |

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

For each of the years ended June 30, 2022 and 2021, depreciation expense totaled \$0 and \$103,804, respectively.

**Note 7 - Significant Concentrations**

For the years ended June 30, 2022 and 2021, the Foundation had no significant revenue concentrations.

**Note 8 - Endowments**

The Foundation's endowment funds are donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Foundation has interpreted *the Florida Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the original gift amount of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of the gifts 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the endowment fund.
- The purpose of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investment.
- Other resources of the Foundation.
- The investment policies of the Foundation.

**Note 9 - Restrictions of Net Position**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the non-expendable balance. In accordance with UPMIFA and absent any donor restrictions, these funds are then available for expenditure when appropriated for expenditure by the Board of Directors.

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

The following displays the total permanent endowment balance as of June 30, 2022 and 2021:

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| Total Endowment Balance                                 | \$ 16,130,276        | \$ 17,530,290        |
| Less: Appreciation Portion Deemed Restricted Expendable | <u>3,035,836</u>     | <u>5,003,768</u>     |
| Permanently Restricted Non-Expendable Balance           | <u>\$ 13,094,440</u> | <u>\$ 12,526,522</u> |

Included in restricted expendable net assets is an accumulation of approximately \$1,013,000 and \$1,156,000 from the U.S. Department of Education from its Title III Program as of June 30, 2022 and 2021, respectively. The purpose of this grant is to establish or increase endowment challenge funds, provide additional incentives to promote fundraising activities, and to foster increased independence and sufficiency. The Foundation raised matching funds dollar for dollar from October 1, 2003, through September 30, 2008. The Foundation must also invest the Foundation contribution toward the match, the federal matching funds, and at least half of the investment income from it, for a period of 20 years from the start of the grant project date on October 1, 2008. Additionally, the Foundation maintains quasi-endowment funds which are managed in the same manner as the permanent endowment. As of June 30, 2022 and 2021, the quasi-endowment balance is approximately \$4,331,000 and \$5,255,000, respectively. These funds are deemed restricted expendable.

**Note 10 - Special Events**

The Foundation holds two fundraising events every year, a Dream Gala, and a Dream Cup Challenge Golf Tournament. Special event revenues are reported in the consolidated statements of revenues, expenses, and changes in net position, net of related costs of approximately \$178,000 and \$133,000 for the years ended June 30, 2022 and 2021, respectively.

**Note 11 - Assessment Fees**

In order to support its operations, the Foundation assesses a revenue fee and an endowment fee. The revenue fee represents an assessment for fundraising, processing, administration, and management of monies received by the Foundation and generally totals 2% of donations and other contributions received or approximately \$54,000 and \$46,000 for the years ended June 30, 2022 and 2021, respectively.

The endowment fee represents an assessment for management and administration of endowed funds and is assessed on all endowments except for the Title III quasi-endowment. The endowment fee is assessed on a quarterly basis, is based on the fair market value of the fund, and generally totals an annual rate of 1.5% for all endowed funds (except for the Title III quasi-endowment or funds where the donor specifically designated a different allowable fee in the endowment agreement), resulting in fees of approximately \$277,000 and \$269,000 for the years ended June 30, 2022 and 2021, respectively. The fees for endowment funds are deducted from earnings of the fund and not from the corpus.

**FOUNDATION FOR SEMINOLE STATE COLLEGE  
OF FLORIDA, INC. AND SUBSIDIARY  
(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**Note 12 - Related-Party**

**In-Kind Contributions**

The College paid salaries and benefits for Foundation staff in the amounts of approximately \$533,000 and \$513,000 for the years ended June 30, 2022 and 2021, respectively, and these have been recorded as in-kind support. The College also provides occupancy and rent support to the Foundation free of charge, which has an estimated fair value of approximately \$68,000 and \$71,000 for the years ended June 30, 2022 and 2021, respectively, and has also been recorded as in-kind support.

**Note 13 - Contingencies**

The Foundation participates in state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Foundation. Liabilities from any such audits, if any, are recorded when the amounts of such liabilities become reasonably determinable.

## **SUPPLEMENTARY INFORMATION**

**FOUNDATION FOR SEMINOLE STATE COLLEGE OF FLORIDA, INC. AND SUBSIDIARY**  
**(A COMPONENT UNIT OF SEMINOLE STATE COLLEGE OF FLORIDA)**  
**CONSOLIDATED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2022**

|  | <u>Restricted</u>   |                      |                                      | <u>Total</u>         |
|--|---------------------|----------------------|--------------------------------------|----------------------|
|  | <u>Unrestricted</u> | <u>Expendable</u>    | <u>Non-Expendable<br/>Endowments</u> |                      |
| <b>Revenues</b>  |                     |                      |                                      |                      |
| Operating Revenues:  |                     |                      |                                      |                      |
| Contributions  | \$ 93,547           | \$ 1,044,346         | \$ -                                 | \$ 1,137,893         |
| Other Revenues   | 10                  | 340,334              | -                                    | 340,344              |
| Special Events, Net  | 323,811             | -                    | -                                    | 323,811              |
| In-Kind Support - Seminole State<br>College of Florida   | 600,462             | -                    | -                                    | 600,462              |
| Total Operating Revenues   | <u>1,017,830</u>    | <u>1,384,680</u>     | <u>-</u>                             | <u>2,402,510</u>     |
| Net Assets Released from Restrictions  | 2,603,418           | (2,603,418)          | -                                    | -                    |
| Net Assets Reclassified Due to<br>Donor Restrictions   | (408,262)           | 174,568              | 233,694                              | -                    |
| <b>Total Operating Revenues and Net Assets<br/>Released from Restrictions and Reclassified<br/>Due to Donor Restrictions</b> | <u>3,212,986</u>    | <u>(1,044,170)</u>   | <u>233,694</u>                       | <u>2,402,510</u>     |
| <b>Expenses</b>  |                     |                      |                                      |                      |
| Operating Expenses:  |                     |                      |                                      |                      |
| Personnel Services   | 605,043             | -                    | -                                    | 605,043              |
| Scholarships and Program Support   | 2,476,871           | -                    | -                                    | 2,476,871            |
| Contractual Services   | 284,084             | -                    | -                                    | 284,084              |
| Fundraising  | 1,883               | -                    | -                                    | 1,883                |
| Materials and Supplies   | 61,193              | -                    | -                                    | 61,193               |
| Other Services and Expenses  | 98,074              | -                    | -                                    | 98,074               |
| Total Operating Expenses   | <u>3,527,148</u>    | <u>-</u>             | <u>-</u>                             | <u>3,527,148</u>     |
| <b>Operating Income (Loss)</b>   | <u>(314,162)</u>    | <u>(1,044,170)</u>   | <u>233,694</u>                       | <u>(1,124,638)</u>   |
| <b>Non-Operating Revenues (Expenses)</b>   |                     |                      |                                      |                      |
| State Grants   | -                   | 110,283              | -                                    | 110,283              |
| Assessment Fees  | 330,948             | (330,948)            | -                                    | -                    |
| Realized and Unrealized Losses<br>on Investments, Net  | (785,771)           | (2,973,160)          | -                                    | (3,758,931)          |
| Interest and Dividends   | 113,162             | 460,010              | -                                    | 573,172              |
| Impairment Loss on Held-for-Sale Assets  | (500,000)           | -                    | -                                    | (500,000)            |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <u>(841,661)</u>    | <u>(2,733,815)</u>   | <u>-</u>                             | <u>(3,575,476)</u>   |
| <b>Endowment Contributions</b>   | <u>-</u>            | <u>-</u>             | <u>334,224</u>                       | <u>334,224</u>       |
| <b>Increase (Decrease) in Net Position</b>   | <u>(1,155,823)</u>  | <u>(3,777,985)</u>   | <u>567,918</u>                       | <u>(4,365,890)</u>   |
| <b>Net Position, Beginning of Year</b>   | <u>7,823,946</u>    | <u>16,552,000</u>    | <u>12,526,522</u>                    | <u>36,902,468</u>    |
| <b>Net Position, End of Year</b>   | <u>\$ 6,668,123</u> | <u>\$ 12,774,015</u> | <u>\$ 13,094,440</u>                 | <u>\$ 32,536,578</u> |

**Notes:**

1. This schedule is provided in accordance with the basis of accounting used by the Foundation in the preparation of the internal financial statements.
2. Unrestricted net position includes amounts in net investment in capital assets.

**OTHER REPORT – *GOVERNMENT AUDITING STANDARDS***

**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  
Foundation for Seminole State College  
of Florida, Inc. and Subsidiary

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 consolidated financial statements of the Foundation for Seminole State College of Florida, Inc. and Subsidiary (the Foundation), a component unit of Seminole State College of Florida (the College), as of and for the year ended June 30, 2022, and the related notes to the consolidated financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated August 24, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**CERTIFIED PUBLIC ACCOUNTANTS**

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To the Board of Directors  
Foundation for Seminole State College  
of Florida, Inc. and Subsidiary

**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 on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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



August 24, 2022  
Ocala, Florida

# PURVIS GRAY

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