



North Florida College Foundation, Inc.

FINANCIAL STATEMENTS

March 31, 2022



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Florida College Foundation, Inc.
Madison, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of North Florida College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Florida College Foundation, Inc. as of March 31, 2022, and the changes in its net assets and its cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Florida College Foundation, Inc. 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 opinions.

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.

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 North Florida College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 North Florida College Foundation, Inc.'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 North Florida College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of North Florida College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Florida College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Florida College Foundation, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
September 29, 2022



FINANCIAL STATEMENTS

North Florida College Foundation, Inc.
Statement of Financial Position

<i>March 31,</i>	2022
Assets	
Current assets	
Cash and cash equivalents	\$ 240,140
Promises to give	50,000
Interest receivable	9,262
Total current assets	299,402
Non-current assets	
Investments	5,256,798
Prepaid tuition plans	236,922
Total non-current assets	5,493,720
Total assets	\$ 5,793,122
Liabilities	
Scholarships payable	\$ 71,603
Total current liabilities	71,603
Total liabilities	71,603
Net Assets	
Without donor restriction	651,516
With donor restriction	5,070,003
Total net assets	5,721,519
Total liabilities and net assets	\$ 5,793,122

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

North Florida College Foundation, Inc.
Statement of Activities

<i>For the year ended March 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 103,950	\$ 195,507	\$ 299,457
Other support	109,295	-	109,295
Interest and dividends	66,201	47,172	113,373
Special events	1,409	-	1,409
Net assets released from donor restrictions	290,590	(290,590)	-
Total revenue and support	571,445	(47,911)	523,534
Expenses			
Program services			
Scholarships	272,182	-	272,182
Other	14,538	-	14,538
Supporting services			
General and administrative	170,269	-	170,269
Total expenses	456,989	-	456,989
Change in net assets before other income (expense)	114,456	(47,911)	66,545
Other income (expense)			
Transfer of prepaid tuition plans	-	(333,317)	(333,317)
Gain (loss) on investments	93,503	148,904	242,407
Total other income (expense)	93,503	(184,413)	(90,910)
Change in net assets	207,959	(232,324)	(24,365)
Net assets at beginning of year	443,557	5,302,327	5,745,884
Net assets at end of year	\$ 651,516	\$ 5,070,003	\$ 5,721,519

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

North Florida College Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended March 31, 2022</i>	Program Services		Supporting Services		Total
	Scholarships	Other	General and Administrative		
Scholarships and awards	\$ 272,182	\$ -	\$ -		\$ 272,182
Personnel services	-	-	97,295		97,295
Legislative services	-	-	35,000		35,000
Professional fees	-	-	20,534		20,534
Miscellaneous	-	14,538	-		14,538
Facilities	-	-	12,000		12,000
Office expense	-	-	1,969		1,969
Advertising	-	-	1,500		1,500
Insurance	-	-	854		854
Postage	-	-	752		752
Fundraising	-	-	220		220
Contributions	-	-	78		78
Bank fees	-	-	67		67
Total expenses	\$ 272,182	\$ 14,538	\$ 170,269		\$ 456,989

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

North Florida College Foundation, Inc.
Statement of Cash Flows

<i>For the year ended March 31,</i>	2022
<hr/>	
Operating activities	
Change in net assets	\$ (24,365)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities	
Unrealized and realized (gain) loss on investments	(242,407)
Changes in operating assets and liabilities	
Promises to give	(50,958)
Prepaid tuition plans	236,922
Scholarships payable	71,603
<hr/>	
Net cash provided by (used in) operating activities	(9,205)
<hr/>	
Investing activities	
Purchase of investments	(1,418,027)
Proceeds from sale of investments	861,072
<hr/>	
Net cash provided by (used in) investing activities	(556,955)
<hr/>	
Net change in cash and cash equivalents	(566,160)
Cash and cash equivalents, beginning of year	806,300
<hr/>	
Cash and cash equivalents, end of year	\$ 240,140
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The accompanying notes are an integral part of these financial statements.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 1: NATURE OF OPERATIONS

The North Florida College Foundation, Inc. (the Foundation) was established November 4, 1966. The Foundation is a not-for-profit organization which is associated with North Florida College in Madison, Florida. The purpose of the Foundation is to provide direct financial support for the students and programs of North Florida College.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with a maturity when acquired of 90 days or less.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At March 31, 2022, the Foundation had \$50,000 of outstanding promises to give.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time-period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments in real estate partnership are recorded at fair market value, which has been determined by an independent appraiser by reference to market transactions for similar properties. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

Other Assets

The Foundation owns Florida Prepaid Tuition plans for future use by its scholarship participants. The plans are held by the Florida Prepaid College Board and recorded as an other asset at its cancellation value. The plans are considered non-current assets and expensed when utilized by the scholarship recipient. During the year ended March 31, 2022, the Foundation transferred plans with a value of \$333,317 to Madison and Suwanee County Foundation for Excellence in Education due to the discontinuance of the Take Stock in Children program.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions as the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services.

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended March 31, 2022, advertising costs totaled \$1,500.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from Federal and State income tax under section 501(c)(3) of the Internal Revenue Code.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2022, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 29, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact of the guidance on its financial statements.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY

The Foundation maintains its financial assets primarily in cash, cash equivalents, and investments to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>March 31,</i>	2022
Financial assets, at year-end	\$ 5,793,122
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	5,070,003
Financial assets available to meet cash needs for general expenditures within one year	\$ 723,119

Note 4: PROMISES TO GIVE

Promises to give are restricted to the Last Mile Scholarship program. Unconditional promises to give at March 31, 2022, total \$50,000 and are considered receivable within one year.

Note 5: INVESTMENTS

Investments consist of the following:

<i>March 31, 2022</i>	Cost	Market Value
Stocks and ETFs	\$ 2,441,744	\$ 3,545,592
Corporate bonds	539,791	524,405
Government bonds	359,478	341,595
Govt backed/CMO securities	372,042	352,676
Taxable municipal bonds	296,528	291,231
Certificates of deposit	50,025	50,469
Investments in real estate partnership	50,000	150,830
Total investments	\$ 4,109,608	\$ 5,256,798

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 6: FLORIDA PREPAID TUITION PLANS

Florida Prepaid Tuition plans consist of the following:

<i>March 31,</i>	2022
Funds held for scholarship purchase	\$ 62,470
Active Florida Prepaid College Plans	174,452
Total Florida Prepaid College plans	\$ 236,922

Subsequent to March 31, 2022, the Foundation requested a refund and received reimbursement of funds held for scholarship's purchase of \$62,470.

Note 7: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>March 31,</i>	2022
Net assets with donor restrictions	
Time or purpose restricted	\$ 812,686
Endowments	4,257,317
Total net assets with donor restrictions	\$ 5,070,003

Note 8: REVENUE

The Foundation's revenue is generated primarily through earnings on its investments and private contributions. No contracts have been identified that would represent any performance obligations to be satisfied. As such, no contract balances have been identified for the year ended March 31, 2022.

North Florida College Foundation, Inc. Notes to Financial Statements

Note 9: ENDOWMENTS

The Foundation's endowment consists of 35 permanently restricted individual funds established for a variety of purposes included as a component of investments on the Statement of Financial Position. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is governed by Florida Statute Chapter 617.2104 - Florida Uniform Prudent Management of Institutional Funds Act. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the State of Florida during the 2011 legislative session and had an effective date of July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Board of Directors. Florida Statutes do not require preservation of the fair value of the original gift, but rather specifically state that spending may include investment appreciation as well as principal.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return which, at a minimum, approximate standard benchmarks. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Foundation's Board of Directors adopted a spending policy for endowed scholarship accounts. Dividends and interest are posted to the scholarship accounts and made available for spending. The Foundation's policies state that earnings on endowed funds will be spent at a rate not greater than 5% per year with any unused portion being returned to the fund. Each named endowment is maintained as a separate account and receives a pro-rata share of investment earnings. These earnings are professionally managed through an investment firm chosen by the Investment Committee of the Board of Directors and approved by the Board of Directors. Earnings are paid out annually for scholarships with any unused portion being returned to the fund to help ensure continued growth.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 9: ENDOWMENTS (Continued)

Activity for endowment assets during the year is as follows:

Endowment at April 1, 2021	\$	4,069,519
Change in investment value		147,291
Interest and dividends		44,940
Contributions and special events		141,756
Amounts appropriated		(146,189)
Endowment at March 31, 2022	\$	4,257,317

Note 10: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

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: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 10: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2022.

Common stocks and ETF's: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities (corporate bonds, government bonds, government backed/CMO securities, taxable municipal bonds, and certificates of deposit): Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Real estate partnership: Valued using external pricing sources of comparable real estate assets at least annually.

Assets measured at fair value on a recurring basis are as follows:

<i>March 31, 2022</i>	Level 1	Level 2	Level 3	Total
Stocks and ETFs	\$ 3,545,592	\$ -	\$ -	\$ 3,545,592
Corporate bonds	432,215	92,190	-	524,405
Government bonds	341,595	-	-	341,595
Govt backed/CMO securities	-	352,676	-	352,676
Taxable municipal bonds	-	291,231	-	291,231
Certificates of deposit	-	50,469	-	50,469
Investments in real estate partnership	-	-	150,830	150,830
Total investments at fair value	\$ 4,319,402	\$ 786,566	\$150,830	\$ 5,256,798

Following is a reconciliation of activity for the assets measured at fair value based on significant unobservable (non-market) information:

<i>For the year ended March 31, 2022</i>	Investment in Real Estate Partnership
Balance, beginning of year	\$ 81,350
Realized and unrealized gains (losses)	69,480
Balance, end of year	\$ 150,830

For investments in real estate partnership, fair value is estimated based on an independent appraiser's value of the investment. Significant changes within the real estate market would result in a lower or higher fair value measurement.

North Florida College Foundation, Inc.
Notes to Financial Statements

Note 11: CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents

The Foundation maintains cash balances in two banking institutions. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2022, the Foundation had no uninsured bank balances. The Foundation also maintains cash equivalents in its investment portfolio, which is not insured by FDIC, which totaled \$224,223 for the year ended March 31, 2022.

Investment Earnings

The Foundation's operations are funded primarily through proceeds from investments. The value of the Foundation's investments are subject to volatility in the stock market. Operations could be negatively impacted by significant declines in the stock market or changes in interest rates.

Note 12: COMMITMENTS

The Foundation had given conditional promises to pay scholarships under the Take Stock in Children program to certain children, conditioned upon their maintaining certain standards until they graduate from high school; however, the Foundation discontinued the program during the year ended March 31, 2022. Florida Prepaid Tuition plans were purchased to fulfill this commitment and transferred to the Suwannee and Madison County Foundation for Excellence in Education. The transfer is presented as an expense labeled "Transfer of prepaid tuition plans" within the other income (expense) section of the statement of activities.

Note 13: RELATED PARTY TRANSACTIONS

The North Florida College provides support to the Foundation in the form of contributed personnel and occupancy costs. For the year ended March 31, 2022, the recorded value of contributed services was \$97,295 and the value of contributed space was \$12,000.



COMPLIANCE SECTION



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

To the Board of Directors
North Florida College Foundation, Inc.
Madison, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Florida College Foundation, Inc. (the Foundation), which comprise the statement of financial position as of March 31, 2022, and the statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Florida College Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
September 29, 2022



REQUIRED COMMUNICATIONS

Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for North Florida College Foundation, Inc. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on North Florida College Foundation, Inc.'s financial statements for the year ended March 31, 2022;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of North Florida College Foundation, Inc. for the year ended March 31, 2022, and have issued our report thereon dated September 29, 2022. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Generally Accepted Auditing Standards and Government Auditing Standards</p>	<p>As stated in our engagement letter dated May 22, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of North Florida College Foundation, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Foundation and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles.</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the Foundation's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Foundation in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>See Note 2 of the notes to the financial statements and the section entitled "Accounting Policies, Judgements and Sensitive Estimates, and CRI Comments on Quality."</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant difficulties encountered in the audit</p> <p><i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p>Disagreements with management</p> <p><i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	None.
<p>Other findings or issues</p> <p><i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None.
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</p> <p><i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	Please see the following section titled "Internal Control Findings."
<p>Corrected and uncorrected misstatements</p> <p><i>All significant audit adjustments arising from the audit, whether or not recorded by the Foundation, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Major issues discussed with management prior to retention</p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p>Consultations with other accountants</p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None of which we are aware.
<p>Written representations</p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p>Internal control deficiencies</p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	Please see the following section titled "Internal Control Findings."
<p>Fraud and illegal acts</p> <p><i>Fraud involving senior management, the Foundation Executive Director or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p>Other information in documents containing audited financial statements</p> <p><i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Foundation's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Investments	The Foundation follows the provisions of ASC 820, Fair Value Measurements and Disclosures, when reporting investments.	X	The Foundation relies on valuations from its brokers for asset values. The allocation between levels 1-3 under ASC 820 is based on a detailed management review of the underlying investments.	The Foundation's policies are in accordance with all applicable accounting guidelines.
In-kind contributions	The Foundation receives certain services from the North Florida College, and records them as revenue and expense when received.	X	The Foundation records the in-kind contributions based on the value of salaries, benefits and rent received as provided by the North Florida College.	The Foundation's policies are in accordance with all applicable accounting guidelines.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by North Florida College Foundation, Inc. and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Foundation or passed (uncorrected).

See attached schedule which includes proposed adjustments to convert the Foundation's financial statements from cash-basis to accrual-basis in accordance with U.S. GAAP.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Foundation's operating environment that has been identified as playing a significant role in the Foundation's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments (Continued)

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reverse and properly record in-kind services in correct GL accounts.			
7108-000	Contributions In Kind		109,295
7108-000	Contributions In Kind		109,295
7334-000	Salaries (Paid by College)	97,295	
7334-000	Salaries (Paid by College)	97,295	
7335-000	Rent (Facilities provided by College)	12,000	
7335-000	Rent (Facilities provided by College)	12,000	
Total		<u>218,590</u>	<u>218,590</u>
Adjusting Journal Entries JE # 2			
To record Madison investment earnings from prior year.			
4352-004	Gain on Madison Fund	31,350	
6999-000	Unrestricted Net Assets Adjusting Account		31,350
Total		<u>31,350</u>	<u>31,350</u>
Adjusting Journal Entries JE # 3			
To correct reversal of PY entries			
6199-000	Permanently Restricted Adjusting Account		8,304
7101-000	Corporate Contributions	50,000	
7104-000	Interest Earned	1,737	
7333-000	Transferring Account	8,304	
7333-000	Transferring Account		1,737
7333-000	Transferring Account		50,000
Total		<u>60,041</u>	<u>60,041</u>
Adjusting Journal Entries JE # 4			
To correct net assets rollforward.			
6999-000	Unrestricted Net Assets Adjusting Account	10,253	
6999-000	Unrestricted Net Assets Adjusting Account		2,242
7333-000	Transferring Account	2,242	
7333-000	Transferring Account		10,253
Total		<u>12,495</u>	<u>12,495</u>
Adjusting Journal Entries JE # 5			
To adjust fair value of Madison Fund to actual.			
4352-004	Gain on Madison Fund	69,480	
6999-000	Unrestricted Net Assets Adjusting Account		69,480
7331-000	Unrealized (Gain)/Loss		69,480
7333-000	Transferring Account	69,480	
Total		<u>138,960</u>	<u>138,960</u>
Adjusting Journal Entries JE # 6			
To record accrued interest receivable per AMB statement.			
4201-000	Accounts Receivable	9,262	
6999-000	Unrestricted Net Assets Adjusting Account		9,262
7104-000	Interest Earned		9,262
7333-000	Transferring Account	9,262	
Total		<u>18,524</u>	<u>18,524</u>
Adjusting Journal Entries JE # 7			
To record promise to give provided by client.			
4202-200	Contributions Receivable	50,000	
6340-002	Temporarily Restrict-UnEndowed:Last Mile Scholarship		50,000
7102-000	Gifts From Individuals		50,000
7333-000	Transferring Account	50,000	
Total		<u>100,000</u>	<u>100,000</u>

NFC NORTH FLORIDA
COLLEGE
Foundation, Inc.

September 29, 2022

Carr, Riggs & Ingram, LLC
2633 Centennial Boulevard Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of North Florida College Foundation, Inc., which comprise the statements of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 29, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 22, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

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Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) North Florida College Foundation, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 23) In regard to the preparation of the Form 990, financial statements, and Form 1099's performed by you, we have—
 - Assumed all management responsibilities.
 - Designated Micah Rodgers and Traci McClung who have suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.

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- Accepted responsibility for the results of the services.
- Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

Signature: Traci S. McClung
Title: Director

The Mission of North Florida College Foundation is to identify, acquire and manage assets with the utmost sincerity, honesty, integrity, competence, and transparency and to nurture and assist students in reaching their global, educational goals

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**INTERNAL CONTROL
RECOMMENDATIONS**

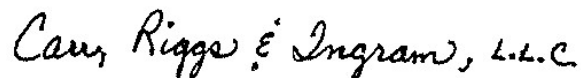
The Board of Directors and Management of
North Florida College Foundation, Inc.

In planning and performing our audit of the financial statements of the North Florida College Foundation, Inc. as of and for the year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered North Florida College Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Florida College Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Florida College Foundation, Inc.'s internal control.

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

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

This communication is intended solely for the information and use of management, Board of Directors, others within North Florida College Foundation, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
September 29, 2022