

2022

St. Johns River State College
Foundation, Inc.

Financial Statements and
Independent Auditor's Report

March 31, 2022

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

ST. JOHNS RIVER STATE COLLEGE
FOUNDATION, INC.
PALATKA, FLORIDA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2022

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-16
Additional Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Response to Auditor's Findings	19

INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Johns River State College Foundation, Inc.
Palatka, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Johns River State College Foundation, Inc. (the Foundation), which comprise the statement of net position as of March 31, 2022, and the related statements of revenues, expenses, and changes in fund net position, 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 the Foundation as of March 31, 2022, and the changes in its net position 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors
St. Johns River State College Foundation, Inc.
Palatka, Florida

INDEPENDENT AUDITOR'S REPORT

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 and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

Board of Directors
St. Johns River State College Foundation, Inc.
Palatka, Florida

INDEPENDENT AUDITOR'S REPORT

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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 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 17, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



August 17, 2022
Gainesville, Florida

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

The following is management's discussion and analysis of the financial activities of the St. Johns River State College Foundation, Inc. (the Foundation) for the fiscal year ended March 31, 2022. The objective of this discussion and analysis is to focus on current activities, resulting changes, and currently known facts to provide an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

This report represents the Foundation leadership's overview of the organization's financial health and well-being. Consequently, we assume full responsibility for the completeness and reliability of all information. To provide a reasonable basis for making these representations, the Foundation has established a comprehensive internal controls framework designed to protect the Foundation's assets from loss, theft, or misuse. These controls also allow the external auditors to compile sufficient, reliable information for the preparation of the Foundation's financial statements conforming to accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Foundation's controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We confirm that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Foundation's financial statements have been audited by Purvis, Gray and Company, LLP, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Foundation as of the fiscal year ended March 31, 2022, are free from material misstatement. The independent audit involved the following: a test-basis examination of evidence supporting the amounts and disclosures in the financial statements and evaluating the appropriateness of the accounting policies used; the reasonableness of significant estimates made by the Foundation's management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the Foundation's financial position as of March 31, 2022, and changes in its net assets and cash flows for the year then ended is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Basic Financial Statements

The Foundation is a special-purpose government, engaged only in business-type activities. Therefore, it presents only the financial statements required for enterprise funds, which consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022**

Financial Highlights

The following presents condensed data about net position and change in net position for fiscal years ended March 31, 2022 and March 31, 2021:

	<u>2022</u>	<u>2021</u>
Assets:		
Non-Capital Assets, Current	\$ 5,496,625	\$ 4,642,417
Non-Capital Assets, Non-Current	<u>3,448,397</u>	<u>3,367,652</u>
Total Assets	<u>8,945,022</u>	<u>8,010,069</u>
Liabilities:		
Annuity Payable	10,600	10,600
Non-Current Liabilities	<u>83,655</u>	<u>87,257</u>
Total Liabilities	<u>94,255</u>	<u>97,857</u>
Deferred Inflows of Resources	<u>131,035</u>	<u>134,180</u>
Net Position:		
Restricted	6,199,807	5,678,196
Unrestricted	<u>2,519,925</u>	<u>2,099,836</u>
Total Net Position	<u>8,719,732</u>	<u>7,778,032</u>
Change in Net Position		
Operating Revenues:		
Contributions	<u>550,109</u>	<u>410,575</u>
Total Revenues	<u>550,109</u>	<u>410,575</u>
Operating Expenses:		
Scholarships	380,449	344,407
General Program Expenses	40,744	122,085
Other Expenses	<u>92,641</u>	<u>70,478</u>
Total Operating Expenses	<u>513,834</u>	<u>536,970</u>
Operating Income/Loss	36,275	(126,395)
Non-Operating Revenue	<u>825,425</u>	<u>1,935,331</u>
Income Before Changes in Non-Expendable	861,700	1,808,936
Endowment Contributions	80,000	223,336
Change in Net Position	941,700	2,032,272
Beginning Net Position	<u>7,778,032</u>	<u>5,745,760</u>
Ending Net Position	<u>\$ 8,719,732</u>	<u>\$ 7,778,032</u>

On March 31, 2022, the net position totaled \$8,719,732. Of this amount:

- \$2,519,925 may be used to provide college program support as well as general and administrative support;
- \$2,873,019 represents funds which have been limited by donors with restrictions or for special purposes; and
- \$3,326,788 is the non-expendable portion of funds that are invested in perpetuity.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

The Foundation's net position increased 12.1% increase (\$941,700) from the previous fiscal year-end.

The Foundation ended the 2021-2022 fiscal year with total assets of \$8.95 million, a 11.74 % increase from the prior fiscal year-end total of \$8.01 million.

Total liabilities of \$225,290 as of March 31, 2022, includes accounts payable as well as deferred revenue and a charitable gift annuity.

Contributions increased from the previous year with a total of \$550,109 while endowment contributions decreased to a total of \$80,000.

Management and general expenses, as well as all fundraising expenses, are paid from the Foundation's operating budget, which is derived in part from unrestricted gifts, in-kind contributions, and other operating support from St. Johns River College, and with 1.25 percent annual administrative assessment of the scholarship endowment pool.

As of March 31, 2022, investment holdings account for 82 percent of total assets. The purpose of the investment pool is to preserve and enhance the real purchasing power of contributed funds, while providing an earnings stream to support St. Johns River State College and its students. The value of the Foundation's investments total \$7.34 million. This represents an increase of 14.8 percent from the previous fiscal year-end. The upturn in investment value is due to a strong market performance during the year. The Foundation usually has a high allocation to stocks of 60 to 70%.

Request for Information

The financial report is designed to provide a general overview of the Foundation's finances. Questions concerning any of the information in this report or requests for additional information should be addressed to the St. Johns River State College Foundation, Inc., 5001 St. Johns Avenue, Palatka, Florida 32177 or call (386) 312-4100.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
STATEMENT OF NET POSITION
MARCH 31, 2022
WITH COMPARATIVE TOTALS FOR MARCH 31, 2021

	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,488,139	\$ 1,497,642
Investments	4,008,486	3,144,775
Total Current Assets	5,496,625	4,642,417
Non-Current Assets:		
Endowed Investments	3,326,788	3,243,258
Irrevocable Trust Receivable	121,609	124,394
Total Assets	8,945,022	8,010,069
Liabilities		
Current Liabilities:		
Annuity Payable	10,600	10,600
Non-Current Liabilities:		
Annuity Payable	83,655	87,257
Total Liabilities	94,255	97,857
Deferred Inflows of Resources		
Irrevocable Trust	121,609	124,394
Charitable Annuity	9,426	9,786
Total Deferred Inflows of Resources	131,035	134,180
Net Position		
Unrestricted	2,519,925	2,099,836
Restricted:		
Expendable	2,873,019	2,434,938
Non-Expendable	3,326,788	3,243,258
Total Net Position	\$ 8,719,732	\$ 7,778,032

See accompanying notes.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2022,
WITH COMPARATIVE TOTALS FOR MARCH 31, 2021

	2022			2021	
	Unrestricted	Restricted		Total Fund	Total Fund
		Expendable	Non-Expendable		
Operating Revenues					
Contributions	\$ 30,618	\$ 519,491	\$ -	\$ 550,109	\$ 410,575
Total Operating Revenues	<u>30,618</u>	<u>519,491</u>	<u>-</u>	<u>550,109</u>	<u>410,575</u>
Operating Expenses					
Program Services:					
Scholarships	-	380,449	-	380,449	344,407
Other College Support	-	40,744	-	40,744	122,085
Total Program Services	<u>-</u>	<u>421,193</u>	<u>-</u>	<u>421,193</u>	<u>466,492</u>
Fund-Raising	2,074	21,094	-	23,168	7,898
Supporting Services:					
Management and General	50,478	-	-	50,478	44,970
Professional Fees	15,825	3,170	-	18,995	17,610
Total Supporting Services	<u>66,303</u>	<u>3,170</u>	<u>-</u>	<u>69,473</u>	<u>62,580</u>
Total Operating Expenses	<u>68,377</u>	<u>445,457</u>	<u>-</u>	<u>513,834</u>	<u>536,970</u>
Operating (Loss) Income	<u>(37,759)</u>	<u>74,034</u>	<u>-</u>	<u>36,275</u>	<u>(126,395)</u>
Non-Operating Revenue					
Interest and Dividends	66,163	66,362	172	132,697	193,339
Unrealized (Loss)/Gain on Fair Value Change of Investments	230,464	224,493	2,770	457,727	1,646,594
Gain on Sale of Investments	114,798	126,253	588	241,639	100,640
Change in Value of Annuity	-	(6,638)	-	(6,638)	(5,242)
Total Non-Operating Revenue	<u>411,425</u>	<u>410,470</u>	<u>3,530</u>	<u>825,425</u>	<u>1,935,331</u>
Change in Net Position Before Endowment Contributions and Transfers	373,666	484,504	3,530	861,700	1,808,936
Endowment Contributions	-	-	80,000	80,000	223,336
Endowment Administrative Fee	46,423	(46,423)	-	-	-
Change in Net Position	<u>420,089</u>	<u>438,081</u>	<u>83,530</u>	<u>941,700</u>	<u>2,032,272</u>
Net Position, Beginning of Year	<u>2,099,836</u>	<u>2,434,938</u>	<u>3,243,258</u>	<u>7,778,032</u>	<u>5,745,760</u>
Net Position, End of Year	<u>\$ 2,519,925</u>	<u>\$ 2,873,019</u>	<u>\$ 3,326,788</u>	<u>\$ 8,719,732</u>	<u>\$ 7,778,032</u>

See accompanying notes.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022,
WITH COMPARATIVE TOTALS FOR MARCH 31, 2021

	2022	2021
Cash Flows from Operating Activities		
Cash Received from Contributions and Support	\$ 550,109	\$ 432,103
Payments for Scholarships	(380,449)	(480,893)
Payments for General Student Expenses	(82,907)	(59,773)
Payments for Other Expenses	(50,478)	(149,076)
Net Cash (Used in) Operating Activities	36,275	(257,639)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	732,868	706,487
Purchases of Investments	(980,744)	(1,020,843)
Interest and Dividends	132,698	193,339
Payments on Annuities	(10,600)	(10,600)
Net Cash (Used in) Investing Activities	(125,778)	(131,617)
Cash Flows from Non-Capital Financing Activities:		
Endowment Contributions	80,000	223,336
Net Cash Provided by Non-Capital Financing Activities	80,000	223,336
Net Increase (Decrease) in Cash and Cash Equivalents	(9,503)	(165,920)
Cash and Cash Equivalents, Beginning of Year	1,497,642	1,663,562
Cash and Cash Equivalents, End of Year	\$ 1,488,139	\$ 1,497,642
<u>Schedule of Non-Cash Operating Activities</u>		
Change in Fair Value of Investments	\$ 457,727	\$ 1,646,835

See accompanying notes.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The St. Johns River State College Foundation, Inc. (the Foundation) was formed in 1970 as a non-profit organization. The Foundation's sole purpose is the support of the St. Johns River State College (the College) and its students. The primary goal of the Foundation is to further develop its scholarship program and to fund activities that promote the College. The Foundation is a direct support organization under Section 1004.70, Florida Statutes, and, for financial reporting purposes, is considered a component unit of the College.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles.

For financial reporting purposes, the Foundation is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the financial activity of the Foundation is accounted for in a single business-type fund which, to observe restrictions placed on the use of resources, is further grouped into sub-accounts as follows:

- Unrestricted—represents resources available for operations without restriction.
- Restricted, Expendable—represents resources available only for scholarships or other eligible student related purposes.
- Restricted, Non-Expendable—represents contributions received, in which the principal amount is restricted in perpetuity by the donor, with income available only for scholarships or other eligible student related purposes.

All restrictions are externally imposed, thus no net position is restricted by enabling legislation. 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.

Revenues of the Foundation are classified as *operating*, for primary activities, such as donor contributions and state matching funds, or *non-operating*, for ancillary activities, such as investment earnings.

Measurement Focus and Basis of Accounting

The Foundation utilizes the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Investments

Investments are reported at fair value, except for money market investments, which are reported at cost.

Donor-Restricted Endowments

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

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

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

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

Contribution Receivable

Unconditional promises to give that are expected to be collected within one year and in future years are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

The Foundation's deposits and investments are summarized below:

Cash and Cash Equivalents	\$ 1,488,139
Investments	4,008,486
Endowed Investments	<u>3,326,788</u>
Total Deposits and Investments	<u><u>\$ 8,823,413</u></u>

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

For the purpose of risk disclosures, deposits and investments are comprised of the following:

Deposits with Financial Institutions	\$ 970,946
Investments	<u>7,852,467</u>
Total Deposits and Investments	<u>\$ 8,823,413</u>

Investments held as of March 31, 2022, are as follows:

	Fair Value	Maturity in Years				Average Credit Quality Ratings
		Less than 1	1-5	6-10	N/A	
Special Purpose Investment Account (SPIA)	\$ 517,193	\$ -	\$ 517,193 *	\$ -	\$ -	AA-F
Bonds and Notes	917,329	19,033	498,492	399,804	-	AAA to BBB
Equities	3,742,719	-	-	-	3,742,719	N/A
Exchange Trade Funds:						
Fixed Income	251,032	-	13,447	237,585	-	AA to A
Equities	90,246	-	-	-	90,246	A
Mutual Funds:						
Fixed Income	481,191	-	-	-	481,191	N/A
Equities	1,410,022	-	-	-	1,410,022	N/A
Real Estate	442,735	-	-	-	442,735	N/A
	<u>7,852,467</u>	<u>\$ 19,033</u>	<u>\$ 1,029,132</u>	<u>\$ 637,389</u>	<u>\$ 6,166,913</u>	
Less Cash Equivalents:						
SPIA	(517,193)					
Total Investments	<u>\$ 7,335,274</u>					

* The SPIA uses the effective duration method, which is 2.51 years at March 31, 2022.

The Foundation may be exposed to the following risks associated with its investment portfolio:

Credit Risk—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation’s investment policy requires that debt securities be rated “Baa” or “BBB” or better by Moody’s or Standard & Poor’s rating services, respectively. The Foundation’s investment policy also sets allowable ranges for allocation of assets as follows: domestic equity (mutual funds) (50-70%); international equity (10-20%); intermediate and long-term bonds (10-20%); real estate (0-10%); and cash equivalents (2-10%). Charitable gift annuity investments are limited to no more than 50% equities (including mutual funds) and no more than 10% may be invested in any one stock or fund.

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation’s investment policy include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

Custodial Credit Risk—The risk that, in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. None of the Foundation’s investments are subject to custodial credit risk.

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Concentration of Credit Risk—The risk that any one issuer, representing a concentration greater than 5% of total investments, may not fulfill its obligations. None of the Foundation’s investments exceeded this concentration level.

The Foundation invests in the Special Purpose Investment Account of the State of Florida Treasury Investment Pool, an external investment pool. The SPIA is not registered with the SEC. Regulatory oversight for the pool is provided by the State of Florida Division of Treasury. The fair value of the position in the pool is equal to the value of the pool shares.

Note 3 - Fair Value Measurement

The Foundation categorizes its fair value measurements with the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2022:

- Special purpose investment account - Total fair value of the pool is determined from individual values of securities in the pool. The Foundation’s fair value factor is a ratio of the total pool.
- Common stock - Valued using quoted market prices.
- Exchange traded funds - Valued using quoted market prices.
- Exchange traded funds fixed income - Valued using quoted market prices.
- Mutual funds - Valued at the daily closing price as reported by the fund.
- Irrevocable trust receivable - Valued using income approach, present value technique.

The following table summarizes the Foundation’s assets for which fair values are determined on a recurring basis:

	<u>Fair Value</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Bonds and Notes	\$ 917,329	\$ 917,329	\$ -	\$ -
Equities	3,742,719	3,742,719	-	-
Exchange Traded Funds	341,278	341,278	-	-
Mutual Funds	2,333,948	2,333,948	-	-
Total Investments				
Measured at Fair Value	<u>\$ 7,335,274</u>	<u>\$ 7,335,274</u>	<u>\$ -</u>	<u>\$ -</u>
Irrevocable Trust Receivable	<u>\$ 121,609</u>	<u>\$ -</u>	<u>\$ 121,609</u>	<u>\$ -</u>

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Note 4 - Receivables

The Foundation is one of the residual beneficiaries of an irrevocable trust established in fiscal year 2013. Trust funds are held and invested by a third-party trustee, with earnings used for the surviving spouse, as long as she lives and remains unmarried. It is estimated that the principal of the trust will grow at 5% per year. The present value of the estimated distribution of the trust is reported as an irrevocable trust receivable.

Note 5 - Charitable Annuity

The Foundation is a lead interest beneficiary of an irrevocable agreement created in July 2016, in the total amount of \$200,000. The Foundation agrees to pay the donors annual annuity payments of \$10,600. The Foundation's obligation terminates with the annual payment last proceeding with the death of the last surviving donor. The present value of the future obligation is \$94,255. In addition, 10% (\$9,426) has been restricted as a required reserve. The remainder is available for scholarships for degree-seeking, in-state students enrolled at the College, subject to certain criteria.

Changes in annuity payable are summarized below:

	<u>Balance</u> <u>April 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2022</u>	<u>Due Within</u> <u>One Year</u>
Annuity	\$ 97,857	\$ 6,998	\$ (10,600)	\$ 94,255	\$ 10,600

Note 6 - Contributed Facilities, Services, and Property

The Foundation receives free use of certain facilities and certain contributed services from the College. As a matter of accounting practice, the value of such facilities and services is not recorded in the Foundation's financial statements. Contributed property used to further the purposes of the Foundation is recorded at estimated acquisition value at the date of donation.

Note 7 - Restricted Net Position

Restricted, expendable net position of \$2,873,019 as of March 31, 2022, is available for scholarships and other eligible student-related purposes.

Changes in restricted, non-expendable net position are as follows:

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

	Balance March 31, 2021	Current Year Contributions	Investment Income (Loss)	Administrative Fees	Income Available for Expenditures	Balance March 31, 2022
Thrasher-Horne Endowment	\$ 1,861,232	\$ 17,500	\$ 238,116	\$ (25,873)	\$ (212,243)	\$ 1,878,732
Paul and Juanita Boyette Endowment	204,552	-	26,063	(2,824)	(23,239)	204,552
Putnam County Scholar Endowment	138,192	23,900	3,688	(2,067)	(1,621)	162,092
Irwin and Elizabeth Zekaria Endowment	125,000	-	15,927	(1,726)	(14,201)	125,000
Georgia Pacific Endowment	123,165	-	15,693	(1,701)	(13,992)	123,165
Eva Mae Kelly Endowment	115,041	-	14,658	(1,588)	(13,070)	115,041
Dan and Katie Martinez Endowment	100,000	-	12,742	(1,381)	(11,361)	100,000
Nancy K. Ramsey Memorial Endowment	100,000	-	12,742	(1,381)	(11,361)	100,000
Athletic Association Endowment	62,000	-	7,900	(856)	(7,044)	62,000
Patty and Joel Weiss Endowment	51,373	-	6,546	(2,296)	(4,250)	51,373
Bob Hudson Endowment	50,000	-	6,371	(690)	(5,681)	50,000
Joe and Linda Pickens Endowment	50,000	-	6,371	(690)	(5,681)	50,000
Olivia Lay Endowment	50,000	-	6,371	(690)	(5,681)	50,000
Talmdage - Noyes Endowment	41,945	-	5,344	(579)	(4,765)	41,945
John Tindall Endowment	28,164	-	3,583	(388)	(3,195)	28,164
Sheretz Endowment	25,000	-	3,185	(345)	(2,840)	25,000
Lilie Avrett Endowment	25,000	-	3,185	(345)	(2,840)	25,000
St. Augustine Rotary	25,000	-	3,185	(345)	(2,840)	25,000
Robert McLendon, Jr. Endowment	25,000	-	3,185	(345)	(2,840)	25,000
Boots and Philip Endowment	21,529	-	2,743	(297)	(2,446)	21,529
C.L. Overturf Endowment	21,065	600	3,351	(16)	-	25,000
Bob Smith Endowment	-	25,000	-	-	-	25,000
Ben Zirbel Endowment	-	13,000	195	-	-	13,195
Total	\$ 3,243,258	\$ 80,000	\$ 401,144	\$ (46,423)	\$ (351,191)	\$ 3,326,788

Note 8 - Administrative Fees

During fiscal year 2022, the Board of Directors (the Board) approved a 1.25% administrative fee on all Board appropriated and endowment funds to be assessed on a quarterly basis based on the fair value of the funds and represents an allocation for management and administration of the funds. Fees assessed for fiscal year 2022 on Board appropriated funds and endowed funds were \$2,857 and \$46,423, respectively.

Note 9 - Board Appropriations

As summarized below, the Board has appropriated certain amounts of the unrestricted net position for specific purposes. These internal-imposed limitations on net position do not relate to donor stipulations.

Unrestricted Net Position as of March 31, 2022	\$ 2,519,925
Board Appropriations for the Thrasher - Horne Center of the Arts (THCA)	
Balance Transfer from THCA Membership Account	(50,000)
Balance Transfer from THCA Sponsorships	(36,545)
Accumulated Net Depreciation (Appreciation)	(26,367)
Administrative Fee	2,857
Total Board Appropriations	<u>(110,055)</u>
Unappropriated Unrestricted Net Position	<u>\$ 2,409,870</u>

ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Note 10 - Revocable Split-Interest Bequest

The Foundation is a beneficiary of a bequest held in trust by the Jacksonville Community Foundation, Inc. who maintains variance power over trust assets. The trust directs that \$300,000 be permanently endowed and administered by the aforementioned third-party, with earnings distributed to the Foundation on a periodic basis to provide scholarships annually to one recipient from each of the high schools in Putnam County. As of December 2015, the bequest was fully funded.

Note 11 - Transfers

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Since no endowment funds fell below required levels for the year ended March 31, 2022, there were no transfers from unrestricted funds.

Note 12 - Risk Management

The Foundation is exposed to various risks of loss related to general liability and directors' and officers' liability. The Foundation purchases commercial insurance to manage these risks. There have been no losses in excess of coverage in the last three years.

ADDITIONAL REPORTS

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

Board of Directors
St. Johns River State College Foundation, Inc.
Palatka, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the St. Johns River State College Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated August 17, 2022.

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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be material weaknesses.

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
St. Johns River State College Foundation, Inc.
Palatka, Florida

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

2022-1

■ **Segregation of Duties**

Condition—One of the basic tenets of sound internal control is the segregation of incompatible duties among employees. The premise is that to minimize control issues, duties should be segregated among employees so that individuals do not perform all of the accounting functions for a single area. We point this out to make the Foundation aware that separation of duties among employees is necessary in reducing the risk of errors and irregularities.

Effect—Lack of proper separation of incompatible duties could result in errors and irregularities that go undetected for extended periods of time.

Recommendation—We recommend that incompatible duties be separated among employees where it is feasible to do so.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Foundation's Response to Findings

The Foundation's response to the finding identified in our audit is described in its accompanying letter. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 17, 2022
Gainesville, Florida



ST. JOHNS RIVER
STATE COLLEGE

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EQUAL OPPORTUNITY/EQUAL ACCESS COLLEGE

August 17, 2022

To Whom It May Concern:

The following is our response to each condition within the 2021-2022 St. Johns River State College Foundation, Inc. audit.

Condition 2022-01: In the matter of segregation of incompatible duties and responsibilities, we have taken steps to segregate as much as practicable considering the limited number of personnel.

Sincerely,

A handwritten signature in blue ink that reads "Brian Bergen".

Brian Bergen

Executive Director

Foundation and Alumni Engagement

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