

ST. PETERSBURG COLLEGE FOUNDATION, INC.

(A Component Unit of St. Petersburg College)

**Basic Financial Statements
and Supplementary Information**

March 31, 2022 and 2021

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Financial Statements
March 31, 2022 and 2021

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PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Petersburg College Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of St. Petersburg College Foundation, Inc. ("Foundation"), a component unit of St. Petersburg College, as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Foundation as of March 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT (Continued)

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 audits.
- 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

INDEPENDENT AUDITORS' REPORT (Continued)

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, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Other Unaudited Information

Management is responsible for the other unaudited information included in the financial statements. The other unaudited information comprises the unaudited schedule of collections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other unaudited information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other unaudited information and consider whether a material inconsistency exists between the other unaudited information and the basic financial statements, or the other unaudited information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other unaudited information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 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.



Prida, Guida & Perez, P.A.
Tampa, Florida
July 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2022 and 2021

The management of St. Petersburg College Foundation, Inc., ("Foundation") presents the following management's discussion and analysis ("MD&A") narrative overview and analysis of the financial activities of the Foundation for the year ended March 31, 2022, with comparative information for the years ended March 31, 2021 and 2020. The purpose of this discussion is to enable the reader to identify and understand the significant issues and changes in the financial condition of the Foundation. The information presented here should be read in conjunction with the accompanying audited financial statements and footnotes. The financial statements, footnotes, and this MD&A were prepared by management are the responsibility of management.

The Foundation is a direct support organization supporting St. Petersburg College ("College").

Financial Highlights

During fiscal year 2022, the Foundation's net position, which represents the excess of total assets over total liabilities, decreased by \$12.53 million or 13%. This is compared to an increase in net position of \$28.83 million or 42% during fiscal year 2021.

The change in net position annually is the result of four primary factors:

- 1) changes from year to year in the contributions made to current use and endowed gift funds,
- 2) the amount of grants and support given to the College and scholarships awarded to students,
- 3) the investment returns on the Foundation's financial portfolio, and
- 4) the transfer of assets to the Institute for Strategic Policy Solutions, Inc.

In fiscal year 2022, contribution revenue, in the form of donor contributions, support from the College, and administrative fees on investments was higher than in fiscal year 2021. Contributions to endowed funds were significantly higher than in fiscal year 2021 due to the receipt of large scholarship gifts in the current year. Investment returns were considerably lower in the current fiscal year compared to 2021 but improved compared to fiscal year 2020. In fiscal year 2022, the Foundation's investment portfolio reflected a loss of 0.3%, net of fees, compared to a return of 36%, net of fees, in fiscal year 2021.

The Foundation expects fluctuations in contribution revenue as well as investment results from year to year. Very significant contributions may be periodically received from donors as a result of relationships cultivated over many years. The timing of these contributions is not entirely predictable, and often will correlate with a campus initiative. Likewise, the Foundation manages the endowment portfolio with a long-term philosophy of capital appreciation: single year fluctuations are normal and expected.

Presentation and Using This Report

The Foundation presents its financial report in accordance with Governmental Accounting Standards Board Statement ("GASB") No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, which focuses the reader of the financial reports on an organization's overall financial condition and change in net position and cash flows taken as a whole.

The Foundation's financial statements are immediately following management's discussion and analysis.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2022 and 2021

Presentation and Using This Report (Continued)

One of the most important questions asked about the Foundation's finances is whether the Foundation is better or worse off as a result of the year's activities. The keys to understanding this question are the statements of net position; statements of revenues, expenses, and change in net position; and the statement of cash flows.

The statements of net position include all assets and liabilities of the Foundation. It is one indicator of the Foundation's financial health, when considered in combination with other nonfinancial information. The statements of net position report assets, liabilities, and net position as of March 31, 2022 and 2021. The balances reflect activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the statements of revenues, expenses, and change in net position.

The statements of revenue, expenses, and change in net position report the revenue earned and the expenses incurred during the year as either operating or non-operating. Gifts to the Foundation, grants to the College, and scholarships awarded to students, are reported as operating revenue and expenses. Investment results are reported as non-operating income or expense. Gifts to permanent endowments and changes in endowment investments are also reported separately from operating revenue and expenses.

The remaining required financial statements are the statements of cash flows which show the sources and uses of funds, in essence, accounting for the change in cash and cash equivalents during the reporting period.

The notes to the financial statements provide additional information and more detail that is essential to a full understanding of the data presented in the financial statements. The notes to the financial statements are found immediately following the basic financial statements.

Condensed Schedule of Net Position

	March 31, 2022	Change		March 31, 2021	Change		March 31, 2020
Assets							
Current assets	\$ 51,041,322	\$ (13,640,656)	-21%	\$ 64,681,978	\$ 34,573,835	115%	\$ 30,108,143
Noncurrent assets	33,218,266	1,079,211	3%	32,139,055	(5,721,290)	-15%	37,860,345
Total assets	<u>\$ 84,259,588</u>	<u>\$ (12,561,445)</u>	<u>-13%</u>	<u>\$ 96,821,033</u>	<u>\$ 28,852,545</u>	<u>42%</u>	<u>\$ 67,968,488</u>
Liabilities							
Current liabilities	\$ -	\$ (27,000)	-100%	\$ 27,000	\$ 27,000	100%	\$ -
Net position							
Restricted							
Expendable	45,510,304	(14,680,444)	-24%	60,190,748	27,876,929	86%	32,313,819
Nonexpendable	33,992,804	1,881,398	6%	32,111,406	621,434	2%	31,489,972
Unrestricted	4,756,480	264,601	6%	4,491,879	327,182	8%	4,164,697
Total net position	<u>84,259,588</u>	<u>(12,534,445)</u>	<u>-13%</u>	<u>96,794,033</u>	<u>28,825,545</u>	<u>42%</u>	<u>67,968,488</u>
Total liabilities and net position	<u>\$ 84,259,588</u>	<u>\$ (12,561,445)</u>	<u>-13%</u>	<u>\$ 96,821,033</u>	<u>\$ 28,852,545</u>	<u>42%</u>	<u>\$ 67,968,488</u>

The condensed schedules of net position reflect the assets, liabilities, and net position for fiscal years 2022, 2021, and 2020.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management’s Discussion and Analysis (Unaudited)
March 31, 2022 and 2021

Condensed Schedule of Net Position (Continued)

Assets

Current assets, comprised of cash and cash equivalents, investments, and the portion of promises to give and receivables due within one year, decreased by \$13.64 million or 21% during fiscal year 2022. The decrease in current assets in fiscal year 2022 was primarily attributable to the net effect of considerably weaker investment returns on the investment portfolio and the transfer of approximately \$14 million to the Institute for Strategic Policy Solutions, Inc. (“Institute”). Current assets tend to be fairly stable from year to year but may increase or decrease depending on the timing of certain types of transactions. Noncurrent assets consist primarily of endowed investments, the portion of receivables due beyond one year, and other assets held for sale. Noncurrent assets increased by \$1.08 million or 3% during fiscal year 2022, compared to a \$5.72 million decrease or 15% during fiscal year 2021. The increase in noncurrent assets in fiscal year 2022 was primarily attributable to pledges that are expected to be fulfilled beyond the next fiscal year.

Liabilities and Net Position

Current liabilities are comprised of amounts payable at the end of the fiscal year that are due within a year. Current liabilities decreased by \$27,000 from the prior year due to the timing of payment of certain expenses. Total net position decreased by \$12.53 million or 13% for fiscal year 2022 compared to an increase of \$28.83 million or 42% for fiscal year 2021. The most significant cause of the 2022 decrease is the transfer of funds to the Institute totaling \$14.23 million.

Condensed Schedule of Revenues, Expenses, and Change in Net Position

	Year Ended March 31, 2022			Year Ended March 31, 2021			Year Ended March 31, 2020
		Change			Change		
Operating revenue and expenses							
Operating revenue	\$ 6,580,103	\$ 1,839,518	39%	\$ 4,740,585	\$ 1,945,457	70%	\$ 2,795,128
Operating expenses	6,091,277	496,330	9%	5,594,947	1,220,246	28%	4,374,701
Operating income (loss)	488,826	1,343,188	157%	(854,362)	725,211	46%	(1,579,573)
Nonoperating (loss) income	(643,899)	(29,702,372)	102%	29,058,473	36,117,963	-512%	(7,059,490)
Changes to permanent endowments	1,853,321	1,231,887	198%	621,434	(1,053,606)	-63%	1,675,040
Nonoperating transfer of assets to Institute for Strategic Policy Solutions, Inc.	(14,232,693)	(14,232,693)	100%	-	-	0%	-
Change in net position	(12,534,445)	(41,359,990)	143%	28,825,545	35,789,568	-514%	(6,964,023)
Net position, beginning of year	96,794,033	28,825,545	42%	67,968,488	(6,964,023)	-9%	74,932,511
Net position, end of year	\$ 84,259,588	\$ (12,534,445)	-13%	\$ 96,794,033	\$ 28,825,545	42%	\$ 67,968,488

The condensed schedules of revenue, expenses, and change in net position reflect operating and nonoperating revenue and expenses, changes to permanent endowments, and nonoperating transfer of assets for fiscal years 2022, 2021, and 2020.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2022 and 2021

Condensed Schedule of Revenues, Expenses, and Change in Net Position (Continued)

Operating Revenue

Operating revenue for the Foundation consists of recognizable expendable charitable gifts, promises to give, in-kind support from the College and others, and administrative fees earned on the investment portfolio. This revenue can fluctuate significantly each year depending on gifts received and changes in support from the College and others. Operating revenue increased in fiscal year 2022 by \$1.84 million or 39% compared to fiscal year 2021 and increased \$1.95 million or 70% in fiscal year 2021 compared to fiscal year 2020.

Operating Expenses

Operating expenses consist primarily of grants made to the College of expendable contribution fund balances. These grants are made for purposes that comply with donor restrictions placed on contributions in support of many College programs and needs, including student aid, and faculty and general departmental support. The timing of these grants to the College typically lags in comparison to the timing of the incoming contribution revenue and endowed payouts. Changes in the amounts of grants made to the College annually occur in relation to the College's needs for use of the funds or the timing of expenditures made on capital projects funded by contributions. Due to these factors, it is common for the Foundation to have operating losses or only modest operating gains during a year. For the fiscal year ended 2022, the Foundation recorded a modest operating gain of \$489,000 and for the fiscal year ended 2021, the Foundation recorded an operating loss of \$854,000.

Nonoperating (Loss) Income

Nonoperating (loss) income relates primarily to the Foundation's investment portfolio returns. The Foundation uses a balanced and diversified approach to its portfolio asset mix within a stated investments policy. In any one year, certain components of the portfolio may perform better than others. In fiscal year 2022, nonoperating loss reflected a decrease of \$29.70 million or 102%, compared to an increase of \$36.12 million or 512% for fiscal year 2021. The nonoperating loss in fiscal year 2022 was primarily due to the continued impact of COVID-19 and the threat of economic recession on the financial markets coupled with the timing of the Foundation's year end.

Changes to Permanent Endowments

The Foundation places a high priority on increasing the gifts to, and the return on, the endowment. The timing of these gifts is unpredictable and may vary significantly from year to year. Endowed gifts received in fiscal year 2022 increased \$1.23 million or 198% and decreased \$1.05 million or 63% in fiscal year 2021. The size of the endowment relates directly with providing permanent resources for the benefit of the College and its students.

Nonoperating Transfer of Assets to Institute for Strategic Policy Solutions, Inc.

During 2022, The Board of Directors resolved to transfer the funds held for the benefit of the Institute for Strategic Policy Solutions, Inc. ("Institute") and the related earnings to the Institute. This resulted in a nonoperating transfer of assets totaling \$14.23 million during the year.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
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Factors Impacting Future Periods

Factors that can significantly impact future periods include the state of the overall economy, tax law changes, and the financial markets, which impact charitable giving and the value of investments. The Board of Directors of the Foundation monitors the status of the economy, its impact on overall giving, and the investment portfolio.

Charitable support is an important resource to the College. The Foundation anticipates a higher rate of use of Foundation held funds in the future in the form of grants to support student scholarships and College programs.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic in fiscal year 2021 by the World Health Organization. During fiscal year 2022, the pandemic continued to affect travel, commerce, and financial markets globally. Additionally, growing concern regarding a domestic and global economic recession continues to negatively impact financial markets. The future impact of these events will likely impact the results of the Foundation's activities.

Management is not aware of any factors within management's control that would have a significant impact on future periods.

Questions concerning this report or requests for additional information should be addressed to:

Jesse Turtle, Executive Director
St. Petersburg College Foundation, Inc.
PO Box 13489 | St. Petersburg, FL 33733

BASIC FINANCIAL STATEMENTS

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Net Position

	March 31,	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 3,197,975	\$ 1,936,354
Unconditional promise to give, current	1,149,719	800,000
Due from St. Petersburg College	-	6,338,905
Investments	46,693,628	55,606,719
Total current assets	51,041,322	64,681,978
Noncurrent assets		
Unconditional promise to give, net of current portion	857,984	-
Endowment investments	32,332,633	32,111,406
Other assets held for sale	27,649	27,649
Total assets	\$ 84,259,588	\$ 96,821,033
Liabilities and net position		
Current liabilities		
Accounts payable	\$ -	\$ 27,000
Net position		
Restricted		
Expendable	45,510,304	60,190,748
Nonexpendable	33,992,804	32,111,406
Unrestricted	4,756,480	4,491,879
Total net position	84,259,588	96,794,033
Total liabilities and net position	\$ 84,259,588	\$ 96,821,033

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Revenue, Expenses, and Change in Net Position

	Year Ended March 31,	
	2022	2021
Operating revenue		
Contributions	\$ 6,580,103	\$ 4,740,585
Operating expenses		
Program services		
Scholarships	2,260,341	2,643,618
Grants to St. Petersburg College	2,395,746	1,513,518
Forums and events	73,606	8,820
	<u>4,729,693</u>	<u>4,165,956</u>
Administrative		
Personnel services	451,222	475,587
Other	151,868	162,226
	<u>603,090</u>	<u>637,813</u>
Fundraising		
Personnel services	451,222	475,587
Development	224,891	178,982
Other	82,381	136,609
	<u>758,494</u>	<u>791,178</u>
Total operating expenses	<u>6,091,277</u>	<u>5,594,947</u>
Operating income (loss)	488,826	(854,362)
Nonoperating (loss) income		
Investment income, net of fees	27,607	176,933
Net change in investments	(671,506)	28,881,540
Total nonoperating (loss) income	<u>(643,899)</u>	<u>29,058,473</u>
(Loss) income before changes to permanent endowments	(155,073)	28,204,111
Changes to permanent endowments		
Contributions	1,851,319	405,811
Investment income, net of fees	7,010	6,313
Net change in investments	(5,008)	209,310
Total changes to permanent endowments	<u>1,853,321</u>	<u>621,434</u>

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Revenue, Expenses, and Change in Net Position (Continued)

	Year Ended March 31,	
	2022	2021
Transfer of assets		
Nonoperating transfer to Institute for Strategic Policy Solutions, Inc.	(14,232,693)	-
Change in net position	(12,534,445)	28,825,545
Net position at beginning of year	96,794,033	67,968,488
Net position at end of year	<u>\$ 84,259,588</u>	<u>\$ 96,794,033</u>

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
Cash flows from operating activities		
Gifts received from donors and grantors	\$ 3,638,123	\$ 2,181,544
Cash received from St. Petersburg College	6,338,905	-
Payments to vendors	(455,915)	(333,431)
Payments for scholarships	(2,260,341)	(2,643,618)
Payments for programs	(2,469,352)	(1,522,338)
Net cash provided by (used in) operating activities	<u>4,791,420</u>	<u>(2,317,843)</u>
Cash flows from noncapital financing activities		
Endowment contributions received	1,851,319	405,812
Nonoperating transfer to Institute for Strategic Policy Solutions, Inc.	(14,232,693)	-
Net cash (used in) provided by noncapital financing activities	<u>(12,381,374)</u>	<u>405,812</u>
Cash flows from investing activities		
Proceeds from sale of investments	32,558,242	2,242,879
Purchase of investments	(23,706,667)	(165,275)
Net cash provided by investing activities	<u>8,851,575</u>	<u>2,077,604</u>
Net change in cash and cash equivalents	1,261,621	165,573
Cash and cash equivalents, beginning of year	<u>1,936,354</u>	<u>1,770,781</u>
Cash and cash equivalents, end of year	<u>\$ 3,197,975</u>	<u>\$ 1,936,354</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 488,826	\$ (854,362)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Foundation fee	(801,608)	(694,301)
Changes in:		
Pledge receivable	(1,207,703)	(800,000)
Due from St. Petersburg College	6,338,905	3,820
Accounts payable	(27,000)	27,000
Net cash provided by (used in) operating activities	<u>\$ 4,791,420</u>	<u>\$ (2,317,843)</u>

Read the accompanying notes to the financial statements.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2022 and 2021

Note 1 – Organization

Nature of operations – St. Petersburg College Foundation, Inc. (“Foundation”) is a Florida nonprofit corporation. The Foundation was formed in September 1980 and is governed by a 15-member Board of Directors (“Board”). The primary purposes of the Foundation are to be a community advocate for St. Petersburg College (“College”) and to encourage charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts donations to enhance the College’s many and varied teaching and public service programs, as well as to support capital projects, and other related College improvements.

Reporting entity – The College provides the resources necessary to cover the costs of the operation and administration of the Foundation’s activities, including personnel, facilities, and administration. The Foundation’s primary expenditures are related to providing scholarships to students attending the College and grants made to the College in support of campus needs, in compliance with donor restrictions on gifts.

The Foundation is a direct support organization of the College, and its financial statements are presented in the College’s financial statements as a component unit.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is presented below.

Basis of accounting – The Foundation follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for governmental business-type activities. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. As a general rule, the effects of interfund activities have been eliminated from the Foundation’s financial statements. The Foundation reports as an entity engaged in one business-type activity.

Classification of current and noncurrent assets and liabilities – The Foundation considers assets to be current if, as part of its normal business operations, they are held as or can be converted to cash and be available for operating needs or payments of current liabilities within 12 months of the statement of net position date. Similarly, liabilities are considered to be current if they can be expected, as part of normal Foundation business operations, to be due and paid within 12 months of the statement of net position date. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents – The Foundation’s cash and cash equivalents consist of demand deposits, money market accounts, and cash held in investment accounts, which are used to deposit Foundation contribution receipts and make transfers to the College to expend in accordance with donor restrictions.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor and the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per depositor. In addition, the Foundation maintains accounts that qualify as public depositories pursuant to Chapter 280, Florida Statutes. Foundation accounts maintained in accordance with Chapter 280, are not liable for losses. Any losses to public depositors are satisfied first through any applicable deposit insurance, and then through the sale of collateral pledged or deposited by the defaulting depository.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
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Note 2 – Summary of Significant Accounting Policies (Continued)

Unconditional promise to give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future periods are initially recorded at estimated fair value determined using the discounted present value of expected cash flows, net of an allowance for uncollectable promises to give. The discount rates are determined at the time the unconditional promise to give is initially recorded based on the risk and term of the gift.

Investments – Investments are carried at fair value. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations. In the case of pooled funds or mutual funds, the fair value is determined by multiplying the number of units held in the pool by the prices per unit share as quoted by the broker and/or investment manager. The net change in the fair value of investments consists of both realized and unrealized gains and losses on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

Other assets held for sale – Other assets held for sale are assets that have been donated and were recorded at fair value on the date of transfer. The donor has specified that the item be sold, and the majority of the proceeds are to be used for specific purposes as designated by the donor. These are part of the restricted - expendable net position.

Fair value measurements – The Foundation categorizes its fair value measurements within the fair value hierarchy established by GASB 72. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are organized into hierarchy based on the levels of inputs observable in the marketplace that are significant to the fair value measurement, as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible for identical assets or liabilities. Level 1 investments include publicly traded securities, exchange traded funds, mutual funds, and certain exchange change derivatives (warrants, rights, options, futures).

Level 2 – Inputs to the valuation methodology are quoted prices in the markets that are not considered active, dealer quotations, or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable either directly or indirectly. Level 2 investments include certain fixed or variable income securities and institutional funds not listed in active markets.

Level 3 – Inputs to the valuation methodology are unobservable and significant to their fair value measurements.

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Note 2 – Summary of Significant Accounting Policies (Continued)

The following is a description of the valuation methodologies used for the Foundation's investments measured at fair value:

Equity securities – The fair value of equity securities reflects market closing prices reported from publicly traded exchanges and are recorded as Level 1.

Fixed income mutual funds – Funds are reported as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis.

Equity mutual funds – Funds are measured at fair value using quoted market prices and are recorded as Level 1 as they are traded in an active market for which closing prices are readily available.

Real estate investment trusts – The fair value of these investments reflects market closing prices reported from publicly traded exchanges and are recorded as Level 1.

Federal agency obligations – Investments are recorded as Level 2 and are measured based on quoted prices for similar securities in active markets.

Capital assets – Property and equipment with a cost in excess of \$5,000 and an estimated life in excess of one year are capitalized. When appropriate, depreciation is provided using the straight-line method over the estimated useful lives of the assets. Capital assets were fully depreciated for the years ended March 31, 2022 and 2021.

Donated property – Property contributed to the Foundation is recorded at fair value on the date contributed. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Collections – Collections donated to the Foundation are not capitalized. It is the policy of the Foundation not to purchase any collections. The Foundation has received gifts of donated art objects, microfilm, and microfiche that will be held for educational purposes. The donor agreements for the art objects require that the artwork be stored or displayed in perpetuity in a museum. Collections are held for exhibition to the public and for educational purposes, not for financial gain. Collections are appropriately protected, cared for, and preserved in order to maintain the cultural, aesthetic, and historical value of the collections perpetually.

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Note 2 – Summary of Significant Accounting Policies (Continued)

Net position – The Foundation’s net position is classified into the following net position categories:

Restricted - expendable – Assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. These assets may include accumulated appreciation on the endowment funds, accumulated endowment spending allocations, and restricted - expendable funds.

Restricted - nonexpendable – Assets subject to externally imposed conditions that the Foundation will retain in perpetuity. This classification of net position represents the net corpus of true donor-restricted endowed funds. To the extent that the market value of a fund is below its historical cost (corpus), the difference is recorded as unrestricted in the statements of net position.

Unrestricted – All other categories.

Endowment spending policy – The Foundation’s endowed funds are managed in an investment pool in accordance with the Foundation’s board-approved investment policy and the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”). The FUPMIFA provides statutory guidance for management, investment, and expenditure of endowed funds. Investment decisions are based on a long-term investment strategy intended to preserve the investment capital and its purchasing power, meet payout requirements, and maximize the endowment portfolio’s long-term total return. At March 31, 2022 and 2021, the Foundation’s endowment portfolio target mix was 70% invested in equity and 30% in fixed income holdings with further refinement regarding the types of positions held within those general classes. The Foundation, through its finance and investment advisory committee, continues to monitor and review the investment policy and asset mix to enhance the long-term performance of the endowment investments.

Endowment payout rate – The Foundation’s finance and investment advisory committee establishes the endowment payout rate annually, giving prudent consideration to asset allocation, expected returns, future capital market assumptions, inflation, and other market conditions and the expendable income needs of the endowment fund holders. The rate for the years ended March 31, 2022 and 2021, was 4.5%. Endowment payout is calculated by multiplying the payout rate by the market value of investments at the end of the fiscal year on accounts held less than five years or by the five-year average fair value for all other accounts. For endowed funds with a fair value that is less than historical cost (corpus), referred to as "underwater funds", payout is not limited to actual cash income earned under the FUPMIFA. The FUPMIFA allows for the expenditure of the endowment fund as the governing body determines to be prudent for the uses and purposes of which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund, without regard to the source of the payout.

Classification of revenues and expenses – Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. The Foundation considers operating revenue and expenses in the statement of revenues, expenses, and change in net position to be revenue and expenses that result from activities that are connected directly to the Foundation’s primary functions. Such transactions include contributions received and scholarships and grants the Foundation makes to the College. The Foundation has no revenue from exchange transactions that would be considered operating revenue. Certain other transactions are reported as nonoperating income and loss. These nonoperating activities include the Foundation’s noncapital financing activities and net investment income (loss).

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Note 2 – Summary of Significant Accounting Policies (Continued)

Contributions and pledges – Contributions, including unconditional promises to give, are recorded as revenue when all eligibility requirements are met. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions designated by donors to be used in future years are recorded as restricted - expendable until such time restrictions have elapsed. Contributions that are restricted by the donor are reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net position restricted - expendable or nonexpendable depending on the nature of the restriction. When a restriction expires, net position restricted - expendable is reclassified to unrestricted net position.

Unconditional promises to give, are initially recognized at fair value as revenues in the period the promise is received. If management expects cash from unconditional promises to give to be received more than one year in the future, contribution revenue and associated receivable are discounted for the time value of money at a rate commensurate with the risk and term of the gift.

Donated items – The value of donated securities, materials, services, small equipment, land, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods or services received at the time of the donation. Employees of the College operate the Foundation. The College also provides office space for the Foundation as well as other miscellaneous supplies and services. These items are all recognized as in-kind contribution revenue and expenses.

Investment income – Investment income and net change in investments from restricted contributions are recorded as increases or decreases to net position restricted - expendable or nonexpendable, in accordance with donor stipulations.

Foundation fee – The Foundation assesses an administrative fee on all funds maintained to cover expenses associated with the management of those assets over time. The fee is calculated quarterly, is deducted from the interest and dividend revenues of the individual funds and is included in operating revenue. The fee was 1% annually for each of the years ended March 31, 2022 and 2021.

Functional expenses – Operating expenses of the Foundation other than program services are allocated to functional categories based on management's estimate of the time and expense spent for each of the functions. These functions are defined as follows:

Program services – Scholarship and program expenses paid to the College are recognized as expenses and liabilities when commitment to pay the scholarship and program expenses is made, not when cash is paid.

Administrative – The costs of operating the Foundation offices, including gathering, processing, and maintaining financial and legal information.

Fundraising – The costs associated with the direct solicitation of contributions to the Foundation.

Application of restricted resources – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Foundation's policy is to apply restricted resources first.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
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Note 2 – Summary of Significant Accounting Policies (Continued)

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

Income taxes – The Foundation is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Foundation is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

Note 3 – Cash, Cash Equivalents, and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment GASB Statement No. 3* (“GASB 40”), the Foundation’s investments are reported by investment type at fair value in the table below. GASB 40 also requires the disclosure of various types of investment risk based on the type of investment, as well as stated policies adopted by the Foundation to manage those risks.

Cash, cash equivalents, and investments consist of the following as of March 31:

	2022	2021
Cash and cash equivalents		
Commercial banks	\$ 600,910	\$ 917,506
Money markets	2,597,065	1,018,848
Total cash and cash equivalents	3,197,975	1,936,354
Investments		
U.S. government obligations	1,006,116	704,475
Federal agency obligations	1,549,540	2,205,919
Bonds and notes	9,823,862	10,866,016
Equity securities	62,872,731	69,824,384
Mutual funds	3,394,792	3,837,135
Real estate investment trusts	379,220	280,196
Total investments	79,026,261	87,718,125
Total cash, cash equivalents, and investments	\$ 82,224,236	\$ 89,654,479

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Note 3 – Cash, Cash Equivalents, and Investments (Continued)

	2022	2021
Current - cash and cash equivalents	\$ 3,197,975	\$ 1,936,354
Current - investments	46,693,628	55,606,719
Noncurrent - endowment investments	32,332,633	32,111,406
	\$ 82,224,236	\$ 89,654,479

The following are maturities and credit quality ratings for the Foundation's investments at March 31:

Investment Type	Fair Value	2022				Ratings	
		Investment Maturities (in Years)				S&P	Moody's
		Less than 1	1 to 5	6 to 10	More than 10		
Investments							
U.S. government obligations	\$ 1,006,116	\$ 130,263	\$ 676,700	\$ 199,153	\$ -	(1)	(1)
Federal agency obligations	1,549,540	4,440	308,684	488,486	747,930	AA+	Aaa
Bonds and notes	9,823,862	480,128	1,628,366	2,563,973	5,151,395	AAA-N/A	Aaa-N/R
Fixed income mutual fund (2)	102,147	-	-	102,147	-	AAA	
Fixed income mutual fund (2)	175,911	-	175,911	-	-	AAA-BBB	
Fixed income mutual fund (2)	79,283	-	-	-	79,283	AA-N/R	
Fixed income mutual fund (2)	1,705,248	-	-	1,705,248	-	AAA-N/A	Aaa-N/A
Fixed income mutual fund (2)	1,007,139	-	-	-	1,007,139	BBB-BB	Bbb-Bb
Real estate investment trusts	379,220	379,220	-	-	-	Not rated	
Equity mutual funds	325,064	325,064	-	-	-	Not rated	
Equity securities	62,872,731	62,872,731	-	-	-	Not rated	
Total investments	\$ 79,026,261	\$ 64,191,846	\$ 2,789,661	\$ 5,059,007	\$ 6,985,747		

Investment Type	Fair Value	2021				Ratings	
		Investment Maturities (in Years)				S&P	Moody's
		Less than 1	1 to 5	6 to 10	More than 10		
Investments							
U.S. government obligations	\$ 704,475	\$ 118,899	\$ 246,990	\$ 338,586	\$ -	(1)	(1)
Federal agency obligations	2,205,919	40,732	428,874	742,631	993,682	AA+	Aaa
Bonds and notes	10,866,016	223,894	2,477,507	2,720,422	5,444,193	AAA-N/A	Aaa-N/R
Fixed income mutual fund (2)	91,113	-	-	91,113	-	AAA	
Fixed income mutual fund (2)	152,086	-	152,086	-	-	AAA-BBB	
Fixed income mutual fund (2)	74,365	-	-	-	74,365	AAA-N/R	
Fixed income mutual fund (2)	2,156,998	-	-	2,156,998	-	AAA-N/A	Aaa-N/A
Fixed income mutual fund (2)	940,686	-	-	-	940,686	BBB-BB	Bbb-Bb
Real estate investment trusts	280,196	280,196	-	-	-	Not rated	
Equity mutual funds	421,887	421,887	-	-	-	Not rated	
Equity securities	69,824,384	69,824,384	-	-	-	Not rated	
Total investments	\$ 87,718,125	\$ 70,909,992	\$ 3,305,457	\$ 6,049,750	\$ 7,452,926		

- (1) Disclosure of credit risk is not required for this investment type.
(2) These fixed income mutual funds have a weighted average maturity of <5 years.

Investment income from these investments is summarized as follows for the years ended March 31:

	2022	2021
Net change in investments	\$ (676,514)	\$ 29,090,850
Interest and dividends	1,526,759	1,493,421
Investment fees	(1,492,142)	(1,310,175)
	\$ (641,897)	\$ 29,274,096

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Note 3 – Cash, Cash Equivalents, and Investments (Continued)

There are many factors that can affect the value of investments, including:

Credit risk – Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard and Poor's. The lower the rating, the greater the chance that the bond issuer will default or fail to meet payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk. The Foundation maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25% of a manager's fixed income portfolio. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, have little or no credit risk.

Interest rate risk - Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities.

The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. Investments in securities of a single issue (with the exception of U.S. Government, Fannie Mae, and Government Agencies) may not exceed 5% of total assets with each money manager, and policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchase represents no more than 25% of a manager's fixed income portfolio. As of March 31, 2022 and 2021, the Foundation has \$12,379,518 and \$13,776,410, respectively, in obligations of the U.S. government, federal agencies, and bonds and notes that include embedded options consisting of the option at the discretion of the issuer to call their obligation.

Concentration of credit risk – Concentration of credit risk is the risk of loss associated with a lack of diversification, having too much invested in a few individual issuers, thereby exposing the Foundation to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae, and government agencies are not considered by management to be a concentration of credit risk.

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Note 3 – Cash, Cash Equivalents, and Investments (Continued)

The Foundation’s policy provides that investments in fixed income securities of a single issue must not exceed 5% of fair value total investment assets with each money manager. U.S. government and federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15% of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case should an individual security be purchased that exceeds 5% of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 70% in equities and 30% in fixed income.

Custodial credit risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the Foundation will not be able to recover the value of its investments.

The Foundation’s investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions, and as such, are exposed to custodial credit risk. From time to time the Foundation holds deposits in excess of the amount insured by the FDIC and the SIPC. Management believes that the risk of loss on these deposits is remote.

Foreign currency risk – Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment’s fair value. As of March 31, 2022 and 2021, the investment portfolio does not hold any foreign bonds. While foreign securities are held in an international equity account, they are held as American depository receipts (“ADR’s”), which are denominated in U.S. dollars and trade like U.S. domestic equities on U.S. domestic stock exchanges. Under the Foundation’s investment policy, there is no provision to purchase individual foreign denominated securities.

Fair value measurements – The Foundation’s Level 1 investments primarily consist of publicly traded equity securities, mutual funds, and exchange traded funds. Level 2 investments primarily consist of Federal agency obligations and corporate bonds. The Foundation does not hold any Level 3 or Net Asset Value (“NAV”) investments in its portfolio.

The following summarizes the investments reported at fair value within the fair value hierarchy as of March 31:

Asset Type	2022			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 62,872,731	\$ 62,872,731	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	2,555,656	1,006,116	1,549,540	-
Other U.S. dollar denominated	13,597,874	3,774,012	9,823,862	-
Total assets in the fair value hierarchy	<u>\$ 79,026,261</u>	<u>\$ 67,652,859</u>	<u>\$ 11,373,402</u>	<u>\$ -</u>

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Note 3 – Cash, Cash Equivalents, and Investments (Continued)

Asset Type	2021			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 69,824,384	\$ 69,824,384	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	2,910,394	704,475	2,205,919	-
Other U.S. dollar denominated	14,983,347	4,117,331	10,866,016	-
Total assets in the fair value hierarchy	<u>\$ 87,718,125</u>	<u>\$ 74,646,190</u>	<u>\$ 13,071,935</u>	<u>\$ -</u>

Note 4 – Related Party Transactions

St. Petersburg College

The Foundation is related to the College by virtue of its primary purpose, which is to engage in activities to foster, promote, and provide funds to or for the benefit of the College and its students. During the years ended March 31, 2022 and 2021, the Foundation provided scholarships and program expenses to the College of approximately \$4,730,000 and \$4,166,000, respectively.

The Foundation permanently loaned the Leepa-Rattner-Gentle art collection to the College for \$1. The College loaned the collection to The Leepa-Rattner Museum of Art, Inc. (“Museum”). Through June 30, 2021, the collections were administered by the Museum. Commencing July 1, 2021, the collections were transferred to the College and the Museum became an operating department of the College.

During the year ended March 31, 2018, the Foundation transferred to the College approximately \$6.34 million from funds held by the Foundation for the Institute for Strategic Policy Solutions, Inc. (“Institute”). This transfer was non-interest bearing and is classified current in the statement of net position because the College repaid the amount to the Foundation in June 2021.

The College provides the office space for the Foundation to operate without charge. Management estimates fair value of the annual rent, including utilities, to be approximately \$18,000 and 24,000 for the years ended March 31, 2022 and 2021, respectively. The College also provides the employees to operate the Foundation at an estimated cost of approximately \$902,000 and \$951,000 for the years ended March 31, 2022 and 2021, respectively. The College provided other miscellaneous services and supplies in estimated amounts of approximately \$7,000 and \$6,000 for the years ended March 31, 2022 and 2021, respectively. These donated amounts are recognized in the statements of revenues, expenses, and change in net position as operating revenue as a part of contributions and various elements of operating expenses. The College provides the insurance for the Foundation; however, an allocation for the insurance cost cannot be determined at this time.

During the years ended March 31, 2022 and 2021, the Foundation received cash donations from members of the Board, corporations, and organizations affiliated with directors of the Board. One Board member has established an endowment at the Foundation and two have established named scholarship funds.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
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Note 4 – Related Party Transactions (Continued)

The Leepa-Rattner Museum of Art

Within the Foundation is an endowment fund appropriated for the Museum valued at approximately \$3 million at March 31, 2021.

During the year ended March 31, 2021, the Foundation provided approximately \$97,000, respectively, to the Museum from earnings on the Museum’s endowment at the Foundation. Additionally, the Foundation pays for the insurance on the Leepa-Rattner-Gentle art collection at a cost of approximately \$16,000 per year.

The Museum dissolved its corporate and tax statuses effective June 30, 2021, but continues to operate as a department of the College. Amounts within the Foundation that were restricted for the Museum continue to be restricted for the Museum.

Institute for Strategic Policy Solutions, Inc.

The Institute is a legally separate 501(c)(3) direct support organization created to advance academic excellence, community engagement, economic vitality, and public understanding through high-quality, solutions-directed public policy programs.

As of March 31, 2021, the Foundation had approximately \$7.9 million restricted assets plus earnings thereon appropriated for the Institute. During the year ended March 31, 2021, the Foundation provided approximately \$427,000 from these assets to the Institute.

During the year ended March 31, 2022, the Foundation transferred the amounts it held for the Institute to the Institute. The transfer was accounted for as a nonoperating transfer of assets in the amount of approximately \$14.2 million.

Note 5 – In-Kind Contributions

In-kind contributions are included in contributions in the statements of revenues, expenses, and change in net position. The majority of in-kind contributions are from the College. The remainder of in-kind contributions are from individuals or corporations. Management estimates that the fair value of in-kind contributions are as follows for the years ended March 31:

	2022	2021
Materials and supplies	\$ 5,288	\$ 87,055
Contributions in-kind from the College		
Donated personnel	902,444	951,174
Facilities	18,027	24,326
Services, materials, and supplies	6,910	6,006
	927,381	981,506
	\$ 932,669	\$ 1,068,561

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Note 6 – State Matching Funds

The Foundation qualifies as a recipient of state matching funds under the Dr. Philip Benjamin Matching Program for Community Colleges. Under the grant agreement, the Foundation receives dollar-for-dollar matching funds from the state of Florida for all contributions that are restricted to financial aid and scholarships. All other contributions received are matched on a \$4 for \$6 basis.

The State Legislature has not appropriated funding for this program since 2007. Due to the significant backlog of unmatched gifts, the 2011 Legislature decided to enact a freeze on matching any new donations received on or after June 30, 2011, until at least \$200 million of the existing backlog has been paid down. Donations already received, or those received by June 29, 2011, remain eligible for state matching funds once those funds become available. The State Legislature has not awarded this grant.

Note 7 – Net Position Restricted - Expendable

Net position restricted - expendable was available for the following purposes at March 31:

	2022	2021
Program support	\$ 23,422,756	\$ 38,379,307
Scholarships and grants to students	20,621,761	20,695,935
Awards for endowed teaching chairs	981,351	603,977
Student recognition awards	484,436	511,529
	\$ 45,510,304	\$ 60,190,748

Changes in restricted - expendable net position are as follows for the years ended March 31:

	2022	2021
Restricted - expendable at beginning of year	\$ 60,190,748	\$ 32,313,819
Contributions	4,674,341	2,942,729
Release of restrictions	(18,709,755)	(4,123,691)
Investment return		
Investment income, net	26,476	176,351
Net appreciation of investments	(671,506)	28,881,540
Total investment return	(645,030)	29,057,891
Restricted - expendable at end of year	\$ 45,510,304	\$ 60,190,748

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Note 7 – Net Position Restricted – Expendable (Continued)

Releases from donor restrictions were recognized because the Foundation incurred expenses satisfying restricted purposes as follows during the years ended March 31:

	2022	2021
Scholarship expenses	\$ 2,254,704	\$ 2,643,618
Capital project construction	55,271	20,000
Other program expenses	2,264,211	1,457,573
Change in donor restrictions	(97,124)	2,500
Transfer to Institute for Strategic Policy Solutions, Inc.	14,232,693	-
	\$ 18,709,755	\$ 4,123,691

Note 8 – Net Position Restricted - Nonexpendable

Net position restricted - nonexpendable consist of donor-restricted assets (“endowments”) subject to the spending policy of the Foundation. The income from these endowments is sometimes restricted for a specific purpose by the donor. Realized and unrealized gains and losses on endowments are recorded as unrestricted, restricted - expendable or nonexpendable, consistent with interest and dividend income treatment, unless otherwise specified by the donor.

Net position restricted - nonexpendable is summarized as follows as of March 31:

	2022	2021
Program support	\$ 9,854,156	\$ 10,023,467
Scholarships and grants to students	23,120,437	21,243,425
Awards for endowed teaching chairs	772,451	598,753
Student recognition awards	245,760	245,761
	\$ 33,992,804	\$ 32,111,406

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March 31, 2022 and 2021

Note 8 – Net Position Restricted - Nonexpendable (Continued)

Changes in restricted - nonexpendable net position are as follows for the years ended March 31:

	2022	2021
Restricted - nonexpendable at beginning of year	\$ 32,111,406	\$ 31,489,972
Contributions	1,851,319	405,811
Investment return		
Investment income, net	7,010	6,313
Net appreciation of investments	(5,008)	209,310
Total investment return	2,002	215,623
Change in donor restrictions	28,077	-
Restricted - nonexpendable at end of year	\$ 33,992,804	\$ 32,111,406

Certain donors changed their restrictions during the year ended March 31, 2021, resulting in reclassifications of net assets.

Note 9 – Unrestricted Designated Net Position

The Foundation has a board designated endowment fund recorded as unrestricted net assets which was designated by the Board in 2017 with the proceeds from a BP Deepwater Horizon settlement. The Board decides the use of these funds on an annual basis.

Since these funds are not the result of donor-imposed or contractual restrictions, they are reflected as a component of unrestricted net position on the statement of net position. As of March 31, 2022 and 2021, the amount of board designed unrestricted net position was \$862,290 and \$913,861, respectively.

Note 10 – Subsequent Events

The Foundation has evaluated subsequent events through July 13, 2022, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date, that would require adjustment to, or disclosure in, the financial statements.

OTHER UNAUDITED INFORMATION

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
March 31, 2022

The Foundation has received various gifts of donated art objects, microfilm, and microfiche, being held for education purposes, which are not reflected on the financial statements. They include:

1. Wendall Ware Microfilm Collection - A collection of 25,000,000 images. Independently appraised to be worth \$1,932,447.
2. Canadian Donors Art Collections - A collection of contemporary prints and artists' proofs. Independently appraised to be worth \$988,653.
3. Anonymous Oriental Art Objects Collection -A collection of Chinese Qing dynasty and Japanese Taisno, Heisei, and Showa Period objects d'art. Independently appraised to be worth \$44,275.
4. Abraham Rattner, Allen Leepa, and Esther Gentle Art Collection - Over 5,000 artworks with an estimated fair market value of \$22 million.
5. Two art quilts by Pauline Salzman. Independently appraised to be worth \$5,600 and \$4,000.
6. Contemporary Florida Art Collection and American Fine Crafts from the Gulf Coast Museum of Art. Independently appraised to be worth \$544,210.
7. Stella Anderson Photographs - A collection of 10 black and white photographs of downtown St. Petersburg donated by Stella Anderson with an estimated fair market value of \$2,500.
8. Martha Campbell painting with an estimated fair market value of \$800.
9. Florence Putterman Paintings - Two paintings with an estimated fair market value of \$1,600.
10. Victoria Block Pieces -A collection of nine wall-mounted oil on ceramic pieces with an estimated fair market value of \$3,500.
11. Jack King Piece - A mixed-media wall construction art piece with an estimated fair market value of \$1,100.
12. Jack Barrett painting - "Knight of the Brownstones" with an estimated fair market value of \$6,800.
13. Winslow Homer - A collection of prints (370). Estimated fair market value \$46,955.
14. Original drawings and watercolors by Joseph Weinzette (14). Donated by Joseph Weinzette. Estimated fair market value of \$5,800.
15. Digital print by Robert Derr donated by the artist. Estimated fair market value of \$1,100.
16. Paintings (26) by various artists and art books (11), donated by John and Betty Milson. Estimated fair market value of \$14,500.
17. Four ethnographic sculptures and one decorative lamp, donated by Rita Scott estate. Estimated fair market value of \$21,700.
18. Carved Bass Wood - Golden Retriever "Buddy" by Mark Noll. Estimated fair market value of \$750.
19. 12 works by David P. Anderson. Donated by Lawrence Konrad & Robert Pope. Not valued.
20. Paintings (2) by Joseph Weinzette; Portrait of an African Girl and Urban Landscape. Estimated fair market value of \$1,200.
21. Paintings by D. Anderson - Russian Peasant and My Heart Greatly Rejoices. Estimated fair market value of \$5,000 and \$9,000 respectively.
22. Painting by W. Nelson - Stage Coach. Estimated fair market value of \$4,500.
23. Painting by Lisa Williamson - Kentucky Landscape, painting by Mary Bassham - Still Life with Tea Pot and untitled painting by Maria Calandra, donated by Ken Rollins. Estimated fair market value of \$9,500.

ST. PETERSBURG COLLEGE FOUNDATION, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
March 31, 2022

- 24. Collection of ceramic Panamanian/pre-Columbian artifacts donated by Lourdes Oliveira. Not valued.
- 25. Dog with Dragon Fly Sculpture. Estimated fair market value of \$885.
- 26. Mixed media artwork "Landscape" by Morgan. Estimated fair market value of \$2,800.
- 27. Japanese Tatami Mats (2). Estimated fair market value of \$4,200.
- 28. 30 Painting/Sculptures. Estimated fair market value of \$1.
- 29. Robert Wood Landscape with Stream. Estimated fair market value of \$5,600

Total fair market value: \$25,668,976



PRIDA, GUIDA & PEREZ, P.A.
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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***

Board of Directors
St. Petersburg College Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Petersburg College Foundation, Inc. ("Foundation"), a component unit of St. Petersburg College, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated July 13, 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") to determine 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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 (CONTINUED)**

Report on Compliance and Other Matters

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

Purpose of this Report

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



Prida, Guida & Perez, P.A.
Tampa, Florida
July 13, 2022