

**THE GULF COAST STATE COLLEGE  
FOUNDATION, INC.**

**PANAMA CITY, FLORIDA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



**Tipton, Marler, Garner & Chastain**  
*The CPA Group*

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**

**PANAMA CITY, FLORIDA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

THE GULF COAST STATE COLLEGE FOUNDATION, INC.

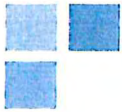
PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Gulf Coast State College Foundation, Inc.  
Panama City, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of The Gulf Coast State College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Gulf Coast State College Foundation, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Board of Directors  
The Gulf Coast State College Foundation, Inc.

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

### **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 Gulf Coast State College Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Gulf Coast State College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Board of Directors  
The Gulf Coast State College Foundation, Inc.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state projects on page 27, as required by Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the supplemental information included on pages 25 and 26 is not a required part of the financial statements but is presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state projects is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023 on our consideration of The Gulf Coast State College Foundation, Inc.'s internal control over financial reporting and 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 Gulf Coast State College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Gulf Coast State College Foundation, Inc.'s internal control over financial reporting and compliance.

*Tipton, Maelor, Garner & Chastain*

Panama City, Florida  
November 1, 2023

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

**Assets:**

Cash and cash equivalents	\$ 645,958
Accounts receivable	19,753
Pledges receivable - net	2,403,942
Investments	32,476,880
Investments - real estate	47,687
Furniture and equipment - net	12,389
Other assets	26,963
	26,963

<b>Total Assets</b>	<b>\$ 35,633,572</b>
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**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts payable and accrued expenses	\$ 139,542
Total liabilities	139,542

**Net Assets:**

Without donor restrictions	\$ 0
With donor restrictions:	
Purpose restricted	20,378,101
Donor restricted endowments	15,115,929
Total net assets	35,494,030

<b>Total Liabilities and Net Assets</b>	<b>\$ 35,633,572</b>
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See the independent auditor's report and the accompanying notes.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support:</b>			
Contributions		\$ 440,191	\$ 440,191
Memberships	\$ 6,300		6,300
Net investment return		2,221,787	2,221,787
Special events		1,043,872	1,043,872
In-kind revenue	28,122		28,122
Other income		104,824	104,824
Transfers	838,864	(838,864)	0
Net assets released from restrictions	2,521,126	(2,521,126)	0
Total revenue and other support	3,394,412	450,684	3,845,096
<b>Expenses:</b>			
Program services -			
Culinary	3,722		3,722
Honors Plaza technology	56,134		56,134
Scholarships	2,311,436		2,311,436
Other programs	48,300		48,300
Total program services	2,419,592	0	2,419,592
Supporting services -			
General and administrative	471,652		471,652
Fundraising	503,168		503,168
Total supporting services	974,820	0	974,820
Total expenses	3,394,412	0	3,394,412
<b>Change in Net Assets</b>	0	450,684	450,684
<b>Net Assets</b>			
Net assets, beginning of year	0	35,134,439	35,134,439
Prior period adjustment		(91,093)	(91,093)
Net assets, restated	0	35,043,346	35,043,346
<b>Net Assets, June 30, 2023</b>	\$ 0	\$ 35,494,030	\$ 35,494,030

See the independent auditor's report and the accompanying notes.

THE GULF COAST STATE COLLEGE FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services			Total
	Culinary	Honors Plaza Technology	Scholarships	Other Programs	Total Program Services	General and Administrative	Fundraising	
Advertising					\$ 0	\$ 3,832	\$ 1,250	\$ 5,082
Bank and payment processing					0	3,030		3,030
Community event expense					0	16,924		16,924
Direct program expenses	\$ 3,722	\$ 56,134	\$ 2,311,436	\$ 48,300	2,419,592			2,419,592
Depreciation expense					0	2,478		2,478
Hospitality					0	13,676	7,207	20,883
Insurance					0	4,664		4,664
Legal and accounting					0	35,168		35,168
Lobbying services					0	83,647		83,647
Miscellaneous					0			0
Office expense					0	54,683		54,683
Planned giving expense					0			0
Plaques and awards					0	344	9,685	10,029
Postage					0	2,447		2,447
Printing					0	6,025	1,904	7,929
Professional services					0		132,610	132,610
Salaries and payroll expenses					0	238,669	242,326	480,995
Scholarship marketing					0	5,209		5,209
Special events					0		107,548	107,548
Travel and professional development					0	856	638	1,494
	<u>\$ 3,722</u>	<u>\$ 56,134</u>	<u>\$ 2,311,436</u>	<u>\$ 48,300</u>	<u>\$ 2,419,592</u>	<u>\$ 471,652</u>	<u>\$ 503,168</u>	<u>\$ 3,394,412</u>

See the independent auditor's report and the accompanying notes.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**

**Cash Flows From Operating Activities:**

Change in net assets	\$ 450,684
Adjustments to reconcile change in net assets to net cash used in operating activities -	
Contributions restricted for long-term endowment purposes	(73,866)
Noncash items:	
Depreciation expense	2,478
Gain on sale of property	(104,701)
Net present value discounting	6,559
Net investment earnings restricted for reinvestment	668,314
Net realized and unrealized gains on investments	(1,547,554)
Decrease in accounts receivable	962
Decrease in pledges receivable	346,244
Decrease in other assets	6,672
Decrease in accounts payable and accrued expenses	(52,025)
Net cash used in operating activities	(296,233)

**Cash Flows From Investing Activities:**

Proceeds from sale of property	169,701
Purchase of equipment	(14,868)
Proceeds from sale of investments	2,023,562
Purchase of investments	(1,204,019)
Net cash provided by investing activities	974,376

**Cash Flows From Financing Activities:**

Net investment earnings restricted for reinvestment	(668,314)
Contributions restricted for long-term endowment purposes	73,866
Net cash used in financing activities	(594,448)

**Net Increase in Cash and Cash Equivalents** 83,695

**Cash and Cash Equivalents at Beginning of Year** 562,263

**Cash and Cash Equivalents at End of Year** \$ 645,958

See the independent auditor's report and the accompanying notes.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Nature of Activities:*

The Gulf Coast State College Foundation, Inc. (the Foundation) is a not-for-profit corporation established under the laws of the State of Florida. The Foundation serves Gulf Coast State College by providing funding and services to support and foster the pursuit of higher education. The Foundation's support comes from individual donor contributions and special events.

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

*Basis of Accounting and Financial Statement Presentation:*

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. These include net assets that are subject to time or purpose restrictions and donor restricted endowments. Assets with time or purpose restrictions are satisfied either by the passage of time or by actions of the Foundation. Donor restricted endowments must be maintained permanently by the Foundation and only the income may be used as specified by the donor. Donor restricted endowments consist primarily of the historical dollar value of contributions to donor-restricted endowment funds.

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. If an expense is incurred for a purpose for which net assets with donor restrictions are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as released from restrictions in the statement of activities. Gains and losses on investments are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by donors or by law.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Use of Estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reported period. Significant estimates made in the preparation of the financial statements include fair value of alternative assets, depreciation expense, donated facilities, and allocation of expenses by function. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents:*

The Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. Cash or cash equivalents held in the long-term investment portfolio (until suitable investments are identified) is excluded from cash and cash equivalents.

*Contributions:*

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Those restricted contributions that are received and whose restriction is accomplished in the same year are reported as unrestricted support.

*Promises to Give and Pledges:*

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their net realizable value, using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period, if they are expected to be collected in more than one year.

*Donated Services and Facilities:*

Donated services and facilities are reported as contributions and expenses in amounts equal to their estimated fair value on the date of receipt. For the year ended June 30, 2023, in-kind building facilities (including telephone, insurance, gas, electricity, water and sewer) of \$28,122 was received and recorded in the statement of activities.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair Value of Financial Instruments:*

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. The fair values for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 3.

*Investments:*

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset values for alternative investments with characteristics similar to a mutual fund. Other alternative investments (non-traditional, not readily-marketable vehicles) such as hedge funds, private equity, alternative hedged strategies, real assets, and some of which are structured such that the Foundation holds limited partnership interests, are reported at net asset value (NAV), as a practical expedient for estimated fair value, as provided by the investment managers of the respective funds. The fair value for these assets is estimated by adjusting the NAV provided for cash receipts, cash disbursements, security distributions and significant known valuation changes in market values of holdings contained in the portfolio. Individual investment holdings within the alternative investments, may, in turn, include investments in both non-marketable and market-traded securities. Valuation of these investments, and therefore Foundation holdings, may be determined by the investment manager or general partner. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgement.

Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The investments may indirectly expose the Foundation to securities lending, short sales of securities and trading in futures and forwards contracts, options, swap contracts and other derivative products. While these financial instruments may contain varying degrees of risk, the Foundation's risk with respect to such transactions is limited to its capital balance in each investment and the amounts of any unfunded commitments. The financial statements of the investees are audited annually by independent auditors.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the statement of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair Value Measurements:*

The goal of the Foundation is to invest its assets in a manner that will achieve a total rate of return sufficient to replace the assets withdrawn in accordance with the Foundation's investment and spending policies. To achieve this goal, some investment risk must be taken. To manage such risk, the Foundation diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies and investment managers. Key decisions in this regard are made by the Foundation's Finance Committee (Committee), which has oversight responsibility for the Foundation's investment program. The Committee identifies appropriate asset categories for investments, determines the allocation of assets to each category, and approves the investment strategies employed with the assistance of the investment manager.

Investments are carried at fair value. Increases or decreases in market value are recognized in the period in which they occur. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurements are not adjusted for transaction costs. A fair value hierarchy provides for prioritizing inputs to valuation techniques used to measure fair value into three levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.
- Level 2: Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Foundation.
- Level 3: Unobservable inputs. Unobservable inputs reflect the assumptions that the Investment Manager develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Investment Manager uses judgement in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgement than Level 1 or Level 2 assets or liabilities.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date, and any differences may be material.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Investment Pools:*

Funds restricted by donors are pooled (except where pooling is prohibited) with unrestricted funds to maximize investment earnings. Earnings from investments less any interest expense are allocated to the various funds monthly based on the percentage of participation by each individual fund in the investment pool.

*Prepaid Expenses:*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as other assets on the Statement of Financial Position. These items will be expensed over the applicable usage period.

*Depreciation and Amortization:*

All acquisitions of furniture and equipment costing in excess of \$5,000 are capitalized. Furniture and equipment are stated at cost and are being depreciated over estimated useful lives of five to ten years using a straight-line method, with a half year's depreciation recognized in the years of acquisition and disposal. Depreciation expense for the year ended June 30, 2023 was \$2,478.

*Advertising:*

The Foundation expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2023 totaled \$5,082.

*Functional Allocation of Expenses:*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are charged to program services and supporting activities on the basis of how resources are utilized. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Salaries and payroll related costs are allocated based on time, effort, and benefit received by each function.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*New Accounting Pronouncements:*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU was delayed and is effective for years beginning after December 15, 2021 (Foundation's year ended June 30, 2023). It is to be adopted using a modified retrospective approach. The Foundation has determined that ASU No. 2016-02 is currently not applicable to its financial statements.

The FASB has issued other new accounting guidance or modifications to, or interpretations of, existing accounting guidance. The Foundation has considered the new un-adopted guidance and does not believe that any other new or modified guidance will have a material impact on the Foundation's reported financial position or activities in the near term.

**NOTE 2 – INVESTMENT IN REAL ESTATE**

Real estate donated to the Foundation in 1981 was recorded on its books at \$47,687 which was believed to be a conservative value as of the date of donation. The value was not established by an appraisal or another objective basis. The land is vacant, without donor restriction, and is not used in programs or activities.

During 2018, a parcel of land was donated and appraised at \$65,000 after the demolition of a house on the property, which was paid by the Foundation in the amount of \$8,000. In April 2023, the Foundation sold the land and recognized a gain on sale of \$104,701, which is included in other income totaling \$104,824 as reported on the statement of activities at June 30, 2023.

**NOTE 3 – INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 2023:

	Fair Value	Carrying Value
Cash equivalents	\$ 677,972	\$ 677,972
Fixed income	9,065,522	9,065,522
Public equity	17,144,049	17,144,049
Private equity (Secondary Partners Capital)	438,019	438,019
Alternative Assets	<u>5,151,318</u>	<u>5,151,318</u>
Total	<u>\$ 32,476,880</u>	<u>\$ 32,476,880</u>

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 – INVESTMENTS (Continued)**

Information pertaining to investment strategies is as follows:

*Cash equivalents* – Provide short term liquidity and serve as a funding source for distributions and rebalancing.

*Fixed income* – Comprises strategies that invest principally in debt instruments issued by governments or companies or through the securitization of certain types of collateral. Fixed income provides stability and protection in deflationary environments.

*Public equity* – Comprises investment strategies that invest principally in publicly traded equity securities. These strategies are generally designed with reference to a benchmark that itself comprises equity securities that are traded on a recognized exchange. Public equities may include hedge funds whose investment objectives are benchmarked to equity markets.

*Private equity (Secondary Partners Capital Fund)* – The legal vehicle for investing in a Secondary Capital Fund is through a limited partnership. The Common Fund uses a general partner (the investment manager) that manages the enterprise, and the limited partners own interests in the partnership. The objective of the Secondary Capital Fund is to generate long-term capital appreciation and strong risk-adjusted net returns. The Fund seeks to invest principally in the global private capital secondary market, primarily in privately negotiated secondary investments across managers, strategies, regions, industries and vintage years. The value of the fund is typically reported quarterly. Due to the illiquid nature of the Secondary Capital fund, valuation practices differ substantially from those in the public securities markets.

*Alternative assets* – The alternative hedged strategies comprise strategies that seek to generate return streams that are not highly correlated to broad capital markets and that rely less on the general direction of capital markets to produce positive returns. These strategies may take a variety of forms including long or short positions in the public equity or credit markets that seek to capitalize on perceived mispricing or on the anticipated outcome of an “event”, such as a merger or bankruptcy proceeding.

Alternative hedged strategies are employed to offer market comparable returns with lower expected volatility. Real assets comprise strategies that invest in securities relating to real estate. This strategy provides the portfolio with a diversified hedge against inflation as well as a yield component.

The above asset categories are managed to create a portfolio effect to balance risk and return to meet investment objectives.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – FAIR VALUE MEASUREMENTS**

The following table presents investments by strategy of the inputs used as of June 30, 2023, in valuing investments carried at fair value:

Description	Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Funds at reported NAV <sup>(a)</sup>
Cash equivalents	\$ 677,972	\$ 677,972			
Fixed income	9,065,522	9,065,522			
Public equity	17,144,049	17,144,049			
Private equity	438,019				\$ 438,019
Alternative assets	5,151,318	2,398,701		\$ 2,752,617	
<b>Total</b>	<b>\$ 32,476,880</b>	<b>\$ 29,286,244</b>	<b>\$ 0</b>	<b>\$ 2,752,617</b>	<b>\$ 438,019</b>

<sup>(a)</sup> Certain investments that are measured at NAV per share practical expedient or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in this table are reported for the purpose of reconciling the fair value hierarchy to the investments as shown on the Statement of Financial Position.

The following table includes a roll forward of the amounts for the year ended June 30, 2023 for financial instruments classified as Level 3.

Investments in Securities	Balance as of June 30, 2022	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Balance as of June 30, 2023
Alternative assets	\$3,213,898	\$ 0	\$ (461,281)	\$ 0	\$ 0	\$2,752,617
<b>Total</b>	<b>\$3,213,898</b>	<b>\$ 0</b>	<b>\$ (461,281)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$2,752,617</b>

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 0	\$ 771,375	\$ 771,375
Net operating loss from Capital Fund	0	(2,942)	(2,942)
Investment fees	0	(99,451)	(99,451)
Other interest income	0	5,251	5,251
Market gains (losses)	<u>0</u>	<u>1,547,554</u>	<u>(1,547,554)</u>
Total net investment return	<u>\$ 0</u>	<u>\$ 2,221,787</u>	<u>\$ 2,221,787</u>

The following table discloses all investments whose value is calculated using NAV, using the practical expedient.

	<u>June 30, 2023</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Redemption				
Private Capital <sup>(1)</sup>	\$ 438,019	\$ 200,000	N/A	N/A
Total Investments	<u>\$ 438,019</u>	<u>\$ 200,000</u>		

<sup>(1)</sup> The Foundation has a total commitment of \$1,000,000 to an investment in the Secondary Partners 2015 Capital Fund. As of June 30, 2023, \$200,000 was unfunded. Over the next several years the Foundation may be called upon to fund this commitment, as requested by the investment manager. The commitment will be funded by reallocating current endowment related investments or funded with new capital gifts.

**NOTE 5 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at several different financial institutions. Accounts held with banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Accounts held with broker-dealers are insured by the Securities Investor Protection Corporation up to \$250,000 for cash claims. At June 30, 2023, the Foundation had \$333,381 of uninsured cash balances held with banks and \$427,972 of uninsured cash balances held with broker-dealers.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 – GRANT RESPONSIBILITIES**

The Foundation administers various grant funds for Gulf Coast State College which is reflected on pages 25 and 26.

The Foundation has the responsibility for maintenance, investment and accountability of the Dr. Philip Benjamin Matching Grant Program. Private contributions that are designated by the donors or the Board of Trustees to be placed in the fund are matched by the State of Florida. The matching ratio for scholarship donations is \$1 for \$1. Other donations are matched on the basis of \$4 of State funds for each \$6 of private funds. The private contributions and the matching funds form the corpus of the fund. These funds were released effective May 1, 2011. The corpus and the earnings thereon may be used for certain purposes to be determined by the board of trustees of the college and the State Board of Education. Only the earnings may be spent on endowed scholarship programs.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes or periods, inclusive of appreciation on endowments:

Provide scholarship assistance		\$ 3,812,312
Other educational purposes		16,565,789
Endowments		<u>15,115,929</u>
Total		<u>\$ 35,494,030</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Purpose restrictions accomplished:

Culinary		\$ 3,722
Honors Plaza technology		56,134
Scholarships		2,311,436
Other programs:		
Advance Technology Center		515
Boatwright Endowment Chair		11,225
Program Enhancement		26,038
Visual and Performing Arts		10,522
Annual Dinner		61,904
5K Run		3,920
Golf tournament		<u>35,710</u>
Total restrictions released		<u>\$ 2,521,126</u>

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – ENDOWMENTS**

The Foundation's endowment consists of numerous individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

- (a) Interpretation of Relevant Law – The Board of Directors has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets of a perpetual nature with donor restrictions as (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

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

- (1) The duration and preservation of the endowment fund
  - (2) The purposes of the Foundation and the donor-restricted endowment fund
  - (3) General economic conditions
  - (4) The possible effect of inflation or deflation
  - (5) The expected total return from income and the appreciation of investments
  - (6) Other resources of the Foundation
  - (7) The investment policy of the Foundation
  - (8) Funds with deficiencies
- (b) Return Objectives and Risk Parameters – The Foundation has adopted an investment and spending policy for its endowment asset investment portfolio that seeks to primarily achieve growth of capital investments and income generation with a secondary goal of principal preservation. The portfolio also aims to maintain moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, the portfolio expects to invest in assets that tend to have a history of lower capital returns and volatility such as fixed income, and those with a more volatile history and upside return potential such as equities and alternative assets.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – ENDOWMENTS (Continued)**

(c) Strategies Employed for Achieving Objectives – Each investment within the Foundation’s Portfolio will be expected to serve at least one (and often more than one) of the following three principle investment roles, as indicated:

- (1) Growth: of long-term real value over the investment horizon
- (2) Diversification: to mitigate risk inherent in equity-dominant portfolios
- (3) Hedging: of macro-economic risks (e.g., inflation and economic contraction)

To achieve this expectation, the Portfolio is structured into five segments as summarized below:

<u>Portfolio Segment</u>	<u>Primary Role/Secondary Role</u>	<u>Portfolio’s Target Allocation</u>
1. Fixed Income & Cash	Diversification/Hedging	25%
2. Public Equity	Growth/Diversification	52%
3. Private Equity	Growth	8%
4. Alternative Assets	Diversification/Hedging	15%

The Portfolio is divided in this manner to ensure that the overall asset allocation between the broad asset classes and strategies remains under the regular scrutiny of the Finance Committee and is not allowed becoming the residual of individual manager decisions.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a policy of spending 5 percent of a three-year moving market value average of donor restricted endowment funds and earnings using December 31<sup>st</sup> figures of the current and two preceding years. As there may be situations requiring a higher percentage level of spending from endowment assets in order to assure the short-term economic viability of the Foundation, the Finance Committee is authorized to increase the spending rate as necessary, but only with good cause. Of the total spending allocation, 90 percent will be spent on scholarships, with the remaining 10 percent will be spent on special projects and grants (mini grants) to members of the college’s faculty and staff for the enhancement of the educational process.

The Portfolio is divided in this manner to ensure that the overall asset allocation between the broad asset classes and strategies remains under the regular scrutiny of the Finance Committee and is not allowed becoming the residual of individual manager decisions.

**Endowment Net Asset Composition by Type of Fund as of June 30, 2023:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowments	\$ 0	\$ 15,115,929	\$ 15,115,929

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 – ENDOWMENTS (Continued)**

**Changes in Endowment Net Assets for the year ended June 30, 2023:**

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2022	\$ 0	\$ 15,389,811	\$ 15,389,811
Investment return	0	1,020,656	1,020,656
Contributions and other income, net	0	39,491	39,491
Appropriation of assets for expenditure	0	(1,354,029)	(1,354,029)
Transfers	0	20,000	20,000
	<u>0</u>	<u>15,115,929</u>	<u>15,115,929</u>
Endowment net assets, June 30, 2023	<u>\$ 0</u>	<u>\$ 15,115,929</u>	<u>\$ 15,115,929</u>

**NOTE 9 – LIQUIDITY AND AVAILABILITY**

The Foundation regularly monitors liquidity to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. The Foundation invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically interest-bearing checking accounts, savings accounts, and money market funds.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities.

As of June 30, 2023, the following tables show the total financial assets held by the Foundation and the amounts of those financial assets available within one year of the statement of financial position date to meet general expenditures.

Financial assets at year-end:

	06/30/23
Cash and cash equivalents	\$ 645,958
Accounts receivable	19,753
Pledges receivable	2,403,942
Investments	<u>32,476,880</u>
Total financial assets at year-end	<u>\$ 35,546,533</u>

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets available to meet general expenditures within one year:

	06/30/23
Financial assets at year-end:	\$ 35,546,533
Add endowment spending rate	811,566
Less amounts unavailable for general expenditures within one year:	
Contributions restricted by donors with purpose restrictions	(20,378,101)
Endowment funds restricted by donors	(15,115,929)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 864,069

The Foundation is substantially supported by contributions, investment returns, and special events. Because a donor’s restriction can require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Donor-imposed contributions are for scholarships, other educational purposes and programs, and endowments. The Foundation has a policy of spending 5 percent of a three-year moving market value average of donor restricted endowment funds and earnings using December 31<sup>st</sup> figures of the current and two preceding years.

**NOTE 10 – FURNITURE AND EQUIPMENT**

Furniture and equipment consist of the following at June 30, 2023:

Office equipment and golf cart	\$ 52,538
Less accumulated depreciation	(40,149)
Total	\$ 12,389

**NOTE 11 – PLEDGES RECEIVABLE**

Pledges receivable consist of eleven unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 – PLEDGES RECEIVABLE (Continued)**

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rates used in computing the discount of the estimated future cash flows was as follows:

<u>Date</u>	<u>Pledge Amount</u>	<u>Discount Rate</u>	<u>Pledge Receivables</u>
May 17, 2018	\$ 150,000	2.94%	\$ 0
May 13, 2021	200,000	0.58%	50,000
August 4, 2021	200,000	0.59%	0
September 16, 2021	100,000	0.68%	50,000
October 19, 2021	200,000	0.98%	100,000
January 6, 2022	10,000	1.01%	5,000
April 26, 2022	50,000	2.93%	20,000
May 19, 2022	1,000,000	2.78%	446,594
May 19, 2022	500,000	2.84%	500,000
May 19, 2022	1,000,000	2.86%	1,000,000
July 20, 2022	200,000	3.18%	120,000
December 19, 2022	50,000	N/A	0
March 7, 2023	200,000	4.49%	200,000
March 21, 2023	10,000	4.17%	10,000
	<u>\$ 3,870,000</u>		<u>\$ 2,501,594</u>

Pledges receivable consist of the following unconditional promises to give as of June 30, 2023:

Amounts due in less than one year	\$ 596,594
Amounts due in one to five years	<u>1,905,000</u>
Total pledges receivable	2,501,594
Less present value discounts	<u>(97,652)</u>
	<u>\$ 2,403,942</u>

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management is of the opinion that all pledges receivable are collectible, and that the fair value of the receivables approximates the carrying value shown on the financial statements. The Foundation's management has made an assessment of the collectability of pledges receivables and determined that an allowance for uncollectible pledges receivables is not needed as of June 30, 2023.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Foundation serves Gulf Coast State College (College) by providing funding and services to support and foster the pursuit of higher education. The Foundation provided support to the College for the year ended June 30, 2023 as follows: 1.) \$2,261,605 for scholarships, 2.) \$5,398 for programs, 3.) \$261,749 for general and administrative costs, and 4.) \$310,496 for special events. The Foundation recognized \$28,122 as in-kind rent (including telephone, insurance, gas, electricity, water and sewer) contributed by the College for the year ended June 30, 2023.

The golf tournament is held at Shark’s Tooth Golf Course and Watersound Club, which is owned by St. Joe Company where one of the Foundation board members is employed as a manager. For the year ended June 30, 2023, the Foundation paid \$24,845 for the golf tournament.

The Foundation paid for monthly marketing and website services to Kerrigan Marketing Associates, which is owned by one of the Foundation’s board members. For the year ended June 30, 2023, the Foundation paid \$44,886 for these marketing and website hosting expenses.

**NOTE 13 – CONTRACTS AND OBLIGATIONS**

On February 24, 2023, The Gulf Coast State College Foundation, Inc. entered into a contract with a consulting group to provide the Organization with professional consultant services and lobbyist representation before Florida’s Legislative and Executive branches. The agreement is for a term of one year and will continue month to month thereafter. The monthly fee for consultant and lobbying services provided is \$5,500 plus out of pocket expenses.

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

The beginning pledges receivable balance for year ended June 30, 2023 has been restated from the amount previously reported to properly reflect pledge receivables at their net present value (NPV) by recognizing pledge discounts. The discount to the pledges receivable balance is the difference between the present value of estimated future cash flows and the actual pledge amounts made (see Note 11). The discounts will be amortized over the life of the pledges and recorded as contribution revenues in future years.



**THE GULF COAST STATE COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 15 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events requiring disclosure or recording in these financial statements through November 1, 2023, which is the date these financial statements were available to be issued.

THE GULF COAST STATE COLLEGE FOUNDATION, INC.  
SCHEDULE OF FINANCIAL POSITION  
DR. PHILIP BENJAMIN MATCHING GRANT PROGRAM  
JUNE 30, 2023

ASSETS

<b>Assets:</b>	
Investments	\$ 12,011,369
<b>Total Assets</b>	<u>\$ 12,011,369</u>

NET ASSETS

<b>Net Assets:</b>	
Without donor restrictions	\$ 0
With donor restrictions	<u>12,011,369</u>
<b>Total Net Assets</b>	<u>\$ 12,011,369</u>

See independent auditor's report.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.**  
**SCHEDULE OF ACTIVITIES**  
**DR. PHILIP BENJAMIN MATCHING GRANT PROGRAM**  
**YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Net investment return		\$ 749,086	\$ 749,086
Net assets released from restrictions	\$ 1,520,048	(1,520,048)	0
 Total revenues	 1,520,048	 (770,962)	 749,086
<b>Expenses:</b>			
Program services -			
Honors Plaza technology	56,134		56,134
Mini grants	7,394		
Scholarships	1,121,525		1,121,525
Supporting services -			
Reinvestment fees	334,995		334,995
 Total expenses	 1,520,048	 0	 1,520,048
 <b>Change in Net Assets</b>	 0	 (770,962)	 (770,962)
 <b>Net Assets, June 30, 2022</b>	 0	 12,782,331	 12,782,331
 <b>Net Assets, June 30, 2023</b>	 \$ 0	 \$ 12,011,369	 \$ 12,011,369

See independent auditor's report.

**THE GULF COAST STATE COLLEGE FOUNDATION, INC.  
 SCHEDULE OF EXPENDITURES OF STATE PROJECTS  
 YEAR ENDED JUNE 30, 2023**

<u>STATE PROJECTS</u>	<u>Specific Appropriation Number</u>	<u>State Receipts</u>	<u>Grant Related Expenditures<sup>1</sup></u>
<u>Department of Education –</u>			
Division of Community Colleges			
Dr. Philip Benjamin Matching Grant Program <sup>a</sup>	180	\$ 0	\$ 1,520,048

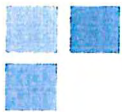
<sup>a</sup> State Grant and Aids Appropriation funds.

<sup>1</sup> Includes expenditures of investment earnings.

**NOTE A – BASIS OF PRESENTATION**

The above Schedule of Expenditures of State Projects includes the state grant activity of The Gulf Coast State College Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See independent auditor's report.



**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  
The Gulf Coast State College Foundation, Inc.  
Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Gulf Coast State College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2023.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.

Board of Directors  
The Gulf Coast State College Foundation, Inc.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Gulf Coast State College Foundation, Inc.'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 Gulf Coast State College Foundation, Inc.'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.

*Tipton, Maeder, Garner & Chastain*

Panama City, Florida  
November 1, 2023