

**INDIAN RIVER STATE  
COLLEGE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
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**MARCH 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Indian River State College Foundation  
Fort Pierce, FL

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of Indian River State College Foundation, Inc. (the "Foundation"), a component unit of Indian River State College (the "College"), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's 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 respective financial position of the business-type activities of the Foundation as of March 31, 2023, and the respective changes in financial position, and the 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of 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.

### ***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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

GAAP requires that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

August 29, 2023  
Melbourne, FL

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**

**INTRODUCTION**

The Indian River State College Foundation, Inc. (the Foundation) is a nonprofit entity established to solicit and manage funds for the benefit of Indian River State College (the College). The Foundation is governed by a board of directors (the Board) consisting of a majority of volunteer board members, some of whom are significant donors to the Foundation. The Board also includes ex-officio College and Foundation officials. Board members are subject to approval by the College Board of Trustees.

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Foundation, for the fiscal year ended March 31, 2023, with comparisons to the fiscal year March 31, 2022, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto are the responsibility of management of the Foundation.

**FINANCIAL HIGHLIGHTS**

The Foundation's assets decreased by approximately \$12 million as compared to the prior year primarily due to investment losses. The Foundation's liabilities decreased by approximately \$1 million as compared to the prior year primarily due to the paydown on long term debt and the Foundation's promises to give to the College. During fiscal year 2023, the Foundation's net position, which represents the excess of total assets over liabilities and deferred inflows of resources, decreased by approximately \$11 million from the prior year-end.

The Foundation's operating revenues decreased by approximately \$20 million as compared to the prior year primarily driven by substantial investment losses in the current year as well as some large capital contributions received in the prior year that were at lower levels in the current year. The Foundation expects that contribution revenue may fluctuate from year to year and that large contributions are the result of cultivation efforts spanning various years. Investment performance is dependent on the financial markets and the Foundation manages the portfolio with a long-term philosophy of capital appreciation. The Foundation's operating expenses increased by approximately \$2.4 million as compared to the prior year primarily attributable to higher building support to the College for major construction projects.

**OVERVIEW OF FINANCIAL STATEMENTS**

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the Foundation's financial report consists of three basic financial statements for its business-type activities: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

**THE STATEMENTS OF NET POSITION**

The statements of net position reflect the assets and liabilities of the Foundation, using the accrual basis of accounting, and present the financial position of the Foundation at a specified time. Assets less liabilities equals net position, which is one indicator of the Foundation's current financial condition.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**  
(Continued)

The following summarizes the Foundation's statements of net position for the current and prior fiscal year:

	<u>2023</u>	<u>2022</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current assets	\$ 12,444,130	\$ 6,403,966	\$ 6,040,164	94%
Capital assets, net	20,343,326	5,073,428	15,269,898	301%
Investments	135,184,079	167,387,807	(32,203,728)	-19%
Other noncurrent assets	3,630,480	4,532,118	(901,638)	-20%
Total assets	<u>\$ 171,602,015</u>	<u>\$ 183,397,319</u>	<u>\$ (11,795,304)</u>	<u>-6%</u>
Current liabilities	\$ 14,979,629	\$ 15,651,042	\$ (671,413)	-4%
Noncurrent liabilities	3,917,267	4,152,587	(235,320)	-6%
Total liabilities	<u>\$ 18,896,896</u>	<u>\$ 19,803,629</u>	<u>\$ (906,733)</u>	<u>-5%</u>
Unrestricted	\$ 27,707,834	\$ 47,689,319	\$ (19,981,485)	-42%
Invested in capital assets, net	16,183,584	676,434	15,507,150	2292%
Restricted – expendable	78,155,787	84,098,872	(5,943,085)	-7%
Restricted – nonexpendable	30,657,914	31,129,065	(471,151)	-2%
Total net positions	<u>\$ 152,705,119</u>	<u>\$ 163,593,690</u>	<u>\$ (10,888,571)</u>	<u>-7%</u>

Total assets as of March 31, 2023, decreased by approximately \$12 million, or 6%, as compared to the prior year. Investments decreased in the current year due to lower investment performance as compared to the prior year and the liquidation of investments to fund capital asset projects and transfers to the College in support of the College's capital asset projects. Capital assets increased substantially from the prior year by approximately \$15 million as the Foundation began the construction of a permanent facility for Indiantown High School, a charter school managed by the College.

Total liabilities as of March 31, 2023, decreased by approximately \$900,000, or 5%, as compared to the prior year. The decrease is mainly due to paydowns on the long-term debt associated with the River Hammock apartment complex and on the unconditional promise to give to the College.

Net position represents the residual interest in the Foundation's assets after deducting liabilities. Total net position as of March 31, 2023, decreased by approximately \$11 million, or 7%, as compared to the prior year. The decrease in net position is mainly attributable to the lower investment performance and increased building support provided to the College.

Net position is reported in three classifications: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets reflects total capital assets, net of accumulated depreciation, less any capital-related borrowing. Restricted net position consists of restricted nonexpendable resources, which represent permanent endowments to be held in perpetuity, while expendable resources are made up of external, donor-restricted funds and appreciation from the endowments. Unrestricted net position represents funds that are available without restriction for carrying out the Foundation's objectives.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**  
(Continued)

**THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The statements of revenues, expenses, and changes in net position present the Foundation's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the Foundation's changes in net position for the fiscal years ended:

	<u>2023</u>	<u>2022</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenue	\$ (2,252,945)	\$ 17,936,671	\$ (20,189,616)	-113%
Operating expense	<u>13,109,089</u>	<u>10,689,562</u>	<u>2,419,527</u>	<u>23%</u>
Operating income (loss)	(15,362,034)	7,247,109	(22,609,143)	-312%
Nonoperating revenues (expenses)	3,732,945	(44,923)	3,777,868	-8410%
Contributions to permanent endowments	740,518	793,264	(52,746)	-7%
Change in net position	<u>\$ (10,888,571)</u>	<u>\$ 7,995,450</u>	<u>\$ (18,884,021)</u>	<u>-236%</u>

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the College's programs. Operating activities are related to the Foundation's mission, which is to encourage, solicit, receive and administer gifts in support of the advancement of the College and its objectives. Operating revenues for the Foundation consist primarily of contributions, investment earnings, and rental income from the Foundation's River Hammock apartment complex.

Total operating revenues decreased by approximately \$20 million, or 113%, as compared to the prior year.

The decrease in total operating revenues is mainly attributable to investment losses in the current year due to investment market volatility.

Rental income was level when compared to the prior year. Contributions were approximately \$3 million lower than the prior year, primarily driven by some large one-time contributions in support of capital projects received in the prior year.

GASB Statement No. 35 categorizes expenses as either operating or nonoperating. Operating expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the College, such as programs, scholarships and building support. The majority of the Foundation's expenses are operating expenses as defined by GASB. GASB gives financial reporting entities the choice of reporting operating expenses in either their functional or natural classifications. The Foundation has chosen to report operating expenses by their functional classifications on the statements of revenues, expenses, and changes in net position.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**  
(Continued)

Total operating expenses increased by approximately \$2.4 million, or 23%, as compared to the prior year, primarily driven by higher building support to the College in support of various campus enhancement projects. Operating expenses are comprised of support to the College, fundraising, general and administrative and depreciation expenses.

Total nonoperating revenues increased by approximately \$3.8 million, driven entirely by a gain on the sale of land held by the Foundation during the year.

Endowment contributions were consistent with the prior year. Endowment contributions are recognized as revenue as they are received in cash. The earnings on an endowment, rather than the endowment itself, are intended for spending. The endowment is invested in perpetuity. The increase in endowment contributions is reflective of the Foundation's focus on fundraising efforts to grow the endowment.

**THE STATEMENT OF CASH FLOWS**

The statement of cash flows provide information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents. The statement will assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used or provided by the operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the major sources and uses of cash for the fiscal years ended:

	<u>2023</u>	<u>2022</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating cash flows	\$ (4,930,213)	\$ (3,814,444)	\$ (1,115,769)	29%
Investing cash flows	22,328,786	7,001,874	15,326,912	219%
Capital and related financing cash flows	(12,252,004)	(605,812)	(11,646,192)	-1922%
Noncapital financing cash flows	740,518	793,264	(52,746)	-7%
Net change in cash and cash equivalents	<u>\$ 5,887,087</u>	<u>\$ 3,374,882</u>	<u>\$ 2,512,205</u>	<u>74%</u>

Cash and cash equivalents increased by approximately \$6 million from the prior year-end. Net cash flows from operating activities decreased by approximately \$1 million as compared to the prior year, mainly attributable to lower contributions versus the prior year coupled with higher payments made to the College in the current year. Net cash from capital and related financing activities decreased by approximately \$11.7 million as compared to the prior year, mainly attributable to the outflow of cash to construct Indiantown High School. The cash flows from investing activities increased by approximately \$15 million as amounts were liquidated from the investment portfolio to fund capital activities and support to the College.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**  
(Continued)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets, which are comprised of buildings, equipment, and construction in progress, are included in noncurrent assets on the Statement of Net Position. These balances are net of accumulated depreciation. Capital assets increased substantially from the prior year by approximately \$15 million as the Foundation began the construction of a permanent facility for Indiantown High School, a charter school managed by the College.

Long-term debt consists of a promissory note to a bank with a balance of \$4,159,742 at March 31, 2023, secured by all income related to student housing, with monthly payments of \$25,932, including interest at 1.7% per annum, maturing April 1, 2038. During the year ended March 31, 2023, principal paydowns of \$237,252 were made on this note.

**OUTLOOK FOR THE FUTURE**

In the 2023-24 fiscal year, the Foundation will also prioritize fundraising for scholarships and endowment growth. A particular focus of the fundraising will be associated with the College's Promise program, which is a tuition-paid program for high school graduates of public and public charter high schools and eligible homeschool graduates in Indian River, Martin, Okeechobee and St. Lucie counties. Sponsored by the Foundation and funded through generous donor philanthropy, the IRSC Promise aims to make college education broadly accessible. It's working—launched in 2022, the IRSC Promise Program already correlates with a positive trajectory of growth in first-time-in-college enrollment at IRSC, especially among male, Hispanic, first-generation-in-college, and low-income students. With 76% of IRSC students staying in the local community after college graduation and contributing to the local economy as workforce members and as consumers, the IRSC Promise Program is the ultimate investment in our region and its residents.

**REQUESTS FOR INFORMATION**

These financial statements are designed to provide a general overview of the Foundation's finances. Questions concerning the information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the office of the CFO, Indian River State College Foundation, 3209 Virginia Avenue, Fort Pierce, FL 34981-5596.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2023**

**ASSETS**

<b>Current assets</b>	
Cash and cash equivalents	\$ 11,125,370
Pledges receivable, current portion, net	1,197,490
Prepaid expenses and other current assets	121,270
Total current assets	12,444,130
 <b>Noncurrent assets</b>	
Pledges receivable, less current portion, net	68,393
Investments	135,184,079
Florida prepaid scholarships	3,383,676
Other noncurrent assets	178,411
Capital assets being depreciated, net	4,480,732
Capital assets not being depreciated	15,862,594
Total noncurrent assets	159,157,885
 <b>Total Assets</b>	 \$ 171,602,015

**LIABILITIES**

<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 5,640,124
Accounts payable to Indian River State College	121,672
Current portion of long-term debt	242,475
Unconditional promises to give payable - Indian River State College	8,904,964
Deposits and other obligations	18,259
Unearned revenues	52,135
Total current liabilities	14,979,629
 <b>Noncurrent liabilities</b>	
Long-term debt, less current portion	3,917,267
 <b>Total liabilities</b>	 \$ 18,896,896

**NET POSITION**

<b>Net position</b>	
Unrestricted	\$ 27,707,834
Invested in capital assets, net	16,183,584
Restricted - expendable	78,155,787
Restricted - nonexpendable	30,657,914
Total net position	\$ 152,705,119

The accompanying notes to financial statements  
are an integral part of this statement.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2023**

<b>Operating revenues</b>	
Contributions, bequests and grants	\$ 6,400,742
Investment loss	(9,874,942)
Rental income	1,092,020
Other operating revenue	129,235
Total operating revenues	<u>(2,252,945)</u>
<b>Operating expenses</b>	
Program services - scholarship support to Indian River State College	1,214,787
Program services - nonscholarship support to Indian River State College	9,413,957
Supporting services - general and administrative	2,480,345
Total operating expenses	<u>13,109,089</u>
<b>Operating loss</b>	<u>(15,362,034)</u>
<b>Nonoperating revenues (expenses)</b>	
Gain on sale of land	3,806,879
Interest expense	(73,934)
Total nonoperating revenues (expenses)	<u>3,732,945</u>
<b>Contributions to permanent endowments</b>	740,518
<b>Change in net position</b>	<u>(10,888,571)</u>
<b>Net position, beginning of year</b>	163,593,690
<b>Net position, end of year</b>	<u><u>\$ 152,705,119</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

<b>Cash flows from operating activities</b>	
Receipts from contributions	\$ 7,363,639
Receipts from rental tenants	1,092,020
Payments to Indian River State College for personnel services	(930,854)
Payments to Indian River State College, vendors and suppliers	(12,455,018)
Net cash used in operating activities	<u>(4,930,213)</u>
<b>Cash flows from investing activities</b>	
Proceeds from sales of investment securities	19,811,135
Receipt of interest and dividends	2,517,651
Net cash provided by investing activities	<u>22,328,786</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(15,747,697)
Proceeds from sale of land	3,806,879
Principal payments on long-term debt	(237,252)
Interest paid on long-term debt	(73,934)
Net cash used in capital and related financing activities	<u>(12,252,004)</u>
<b>Cash flows from noncapital financing activities</b>	
Receipts from donors for permanent endowments	740,518
<b>Net increase in cash and cash equivalents</b>	<u>5,887,087</u>
<b>Cash and cash equivalents, beginning of year</b>	5,238,283
<b>Cash and cash equivalents, end of year</b>	<u>\$ 11,125,370</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (15,362,034)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	477,799
Investment loss	9,874,942
Changes in assets and liabilities	
Pledges Receivable	833,662
Prepaid expenses	(11,305)
Florida prepaid scholarships	(148,496)
Other noncurrent assets	74,700
Accounts payable	734,041
Promises to give	(1,403,036)
Deposits and other	(486)
Net cash used in operating activities	<u>\$ (4,930,213)</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the significant accounting policies of Indian River State College Foundation, Inc. (the Foundation), which affect the significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Foundation is a non-profit corporation organized and operated for the benefit of Indian River State College (the College), which is a unit of the State of Florida, located in Fort Pierce, Florida. The Foundation functions as a direct-support organization of the College and is a component unit (for accounting purposes only) of the College. The Foundation provides support for certain instructional programs at the College, provides equipment grants and facilities for use by the College and its students, and provides scholarships for students.

(b) **Basis of accounting**—The financial statements and related disclosures are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP) for governmental business-type activities. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of timing of cash flows.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, the net position of the Foundation is reported as follows:

(i) **Net investment in capital assets**—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, annuity obligations, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of the capital assets.

(ii) **Restricted**—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by either creditors, grantors, contributors, or laws. Restricted funds include:

**Nonexpendable**—Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the College. These programs primarily include endowed chairs and professorships, research funding, and scholarships. The corpus of the permanent endowments is retained and reported in nonexpendable endowments net position, while the net earnings or losses on endowment funds are included in expendable net position available for expenditure.

**Expendable**—Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the College and includes the expendable portion of endowment funds. These programs primarily include endowed chairs and professorships, research funding, and scholarships.

(iii) **Unrestricted**—Represents funds that are available without restriction for carrying out the Foundation's objectives.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

As a general practice, the Foundation applies restricted resources when an expense relating to the purpose restriction imposed by the outside party is incurred before unrestricted resources are used.

(c) **Operating and nonoperating activities**—Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the College's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the College. Nonoperating revenues and expenses include activities not included in operating revenues and expenses.

(d) **Use of estimates**—Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. These estimates include assessing the collectability of pledges receivable and the fair value of investments. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(e) **Cash and cash equivalents**—For purposes of reporting, demand deposits, certificates of deposits and money market accounts with an original maturity of three months or less are considered cash equivalents.

(f) **Contributions and pledges receivable**—Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in restricted expendable net position. When a restriction is met, the restricted net position is transferred to the unrestricted net position. Promises to give to endowments are recognized when funds are received.

The Foundation records unconditional promises to give at fair value when received and subsequently at net realizable value which is based on prior years' collection experience and management's analysis of specific promises made. The receivables are further discounted to reflect their present value, using a risk adjusted discount rate applicable to the month in which the promises are received. The Foundation determines an allowance for uncollectible receivables based upon management's judgment about such factors as prior collection history, type of contribution, and nature of fundraising activity. Decreases in net realizable value are recognized as provision for uncollectible pledges in the period the decrease occurs. Increases in net realizable value are not recognized unless they represent recoveries of previous provision for uncollectible pledges incurred; increases are recognized as additional contribution revenue when the promise to give is collected.

(g) **Investments and fair value measurements**—The Foundation's investments are stated at fair value. 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 financial statements are required to disclose information about their fair value determinations via an established framework for measuring. The established framework includes a three-tier hierarchy to maximize the use of observable market data, minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information. See Note 4 for a summary of the inputs used as of March 31, 2023, in determining the fair value of the Foundation's investments.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Florida prepaid scholarships**—The Foundation is the owner of prepaid college tuition plans purchased from the Florida Prepaid College Board. The amounts are recorded at redemption value and reduced/expensed as used by the beneficiary.

(i) **Capital assets**—Capital assets are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of five years and are recorded at historical cost. If contributed, the asset, with the exception of the collection of decorative and propaganda arts, is recorded at its fair value at the time of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years. Capital assets, net of accumulated depreciation, are reported as capital assets in the statements of net position.

(j) **Artwork and other items**—Major non-cash contributions of inexhaustible items or items held for future use or disposition for which a market value is determinable are capitalized at market value on the date of the donation and are included with artwork and other items in the financial statements.

(k) **Income taxes**—The Foundation is exempt from federal income taxes, under the provisions of the Internal Revenue Code 501(c)(3) and is not considered a private foundation.

(l) **Rental income**—The Foundation operates River Hammock, a 188 unit student residence facility that houses students and charges monthly rent of \$650 per student. All leases are short term in nature (12 months or less).

(m) **Recently issued accounting pronouncements** – GASB issued Statement No. 87, Leases, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after June 15, 2021. The Foundation implemented this statement during the year ended March 31, 2023, and there was no impact due to the fact the Foundation does not have any long-term lease agreements.

GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. The Foundation is currently evaluating the impact of this statement on its future financial statements, and does not expect the impact to be material.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(2) **Cash and Cash Equivalents:**

Cash and cash equivalents include cash in bank demand accounts, money market funds, and petty cash. Cash and cash equivalents at March 31, 2023 are as follows:

Bank demand accounts	\$ 5,995,457
Money market accounts	5,129,725
Petty cash	188
Total cash and cash equivalents	<u>\$ 11,125,370</u>

Cash in bank demand accounts are held in banks qualified as public depositories under Florida law. All such deposits are insured by federal depository insurance, up to specific limits, or collateralized with securities held in Florida's multiple financial institutional collateral pool required by Florida Statutes, Chapter 280. Money market funds are uninsured and collateralized by securities held by the institution. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

**Custodial credit risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. The Foundation has no formal policy for custodial credit risk, but manages liquidity to minimize exposure of uninsured balances.

(3) **Investments:**

The goals of the Foundation's investment program for endowments and other investments are set forth in the investment policy as approved by the Foundation's Board. The goal is to provide a total return from the assets invested that will preserve the purchasing power of those assets and, additionally for endowment invested assets, to also generate an income stream to support the activities of the College. The investment policy provides guidelines as to risk and investment time horizon but does not address specific types of risks such as credit risk, interest rate risk and foreign currency risk that the Foundation may be exposed to as outlined below. Investments at March 31, 2023, are summarized as follows:

<u>Investment Type</u>	<u>Amount</u>
Money market funds	\$ 6,510,060
Mutual funds – domestic equities	64,881,500
Mutual funds – international equities	19,831,008
Mutual funds – domestic fixed income	22,673,736
Exchange traded funds – domestic equities	6,090,610
Alternative funds	15,197,165
	<u>\$ 135,184,079</u>

**Credit risk and interest rate risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above. The Foundation's investments in fixed income mutual funds includes the Vanguard Total Bond Market Index Fund, which is subject to credit risk and interest rate risk.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(3) **Investments:** (Continued)

The Vanguard Total Bond Market Index Fund had a balance of \$22,673,736, at March 31, 2023. The effective average duration of securities held in the fund is 9.0 years. The credit quality distribution of the fund is as follows:

U.S. Government	67.00%
AAA	3.70%
AA	3.00%
A	12.60%
BBB	13.70%

***Alternative Funds.*** The Foundation's portfolio includes alternative investment funds ("Funds") as of March 31, 2023. The Funds' investments are subject to various risk factors including market, credit, and currency risk. The Funds' investments are made in the United States and internationally and thus have concentrations in such regions. The Funds' investments are also subject to the risk associated with investing in private equity securities. The investments in private equity securities are generally illiquid, and there can be no assurance that the fund will be able to realize the value of such investments in a timely manner.

The Funds have invested, for purposes of capital appreciation, in various underlying funds that vary by size, industry and geographical concentration. Investment performance of an industry sector in which the Funds have a concentration of investments may have a significant impact on the performance of the Funds.

The Funds participate in assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to currency exchange matters, differences between the and non-U.S. securities markets, certain economic and political risks, and the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

(4) **Fair Value Measurements:**

GASB Statement No. 72, Fair Value Measurement and Application, establishes a framework for determining fair value through a hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The three-level valuation hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3):

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 – Inputs that are unobservable, about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation uses the market approach valuation technique to value its investments. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(4) **Fair Value Measurements:** (Continued)

There have been no changes in the methodologies used at March 31, 2023. Following is a description of the valuation methodologies use for assets measured at fair value.

Money market funds and mutual funds held by the Foundation which are deemed to be actively traded, are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Exchange traded funds that are listed on national securities exchanges are valued at the last reported sale price, or in the absence of a recorded sale, at a value between the most recent bid and asked prices.

Alternative investments for which quoted market prices are not available include hedge funds and private investments. The estimated fair value of alternative investments is based on the net asset value of the fund or other valuation methods. The Foundation reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material.

Most private equity funds are structured as closed-end, commitment-based investment funds where the entity commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors, and subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, the entity generally holds interests in such funds for which there is no active market. These funds are generally measured at fair value using NAV as a practical expedient.

The following tables present the assets carried on the statements of net position by level within the valuation hierarchy as of March 31, 2023.

<b>Assets at Fair Value as of March 31, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 6,510,060	\$ -	\$ -	\$ 6,510,060
Mutual funds – domestic equities	64,881,500	-	-	64,881,500
Mutual funds – international equities	19,831,008	-	-	19,831,008
Mutual funds – domestic fixed income	22,673,736	-	-	22,673,736
Exchange traded funds – domestic equities	6,090,610	-	-	6,090,610
Total	<u>\$ 119,986,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,986,914</u>
Investments measured at NAV (a)				15,197,165
Investments at fair value				<u>\$ 135,184,079</u>

- (a) In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Position.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

(4) **Fair Value Measurements:** (Continued)

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of March 31, 2023.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Withdrawal Frequency</u>	<u>Redemption Notice Period</u>
Harbourvest 2015 Global	\$ 755,782	\$ 85,000	(b)	N/A
Harbourvest 2016 Global	767,848	230,000	(b)	N/A
Harbourvest 2017 Global	825,653	275,000	(b)	N/A
Harbourvest 2018 Global	1,046,466	220,000	(b)	N/A
Harbourvest 2019 Global	857,608	360,000	(b)	N/A
Harbourvest 2020 Global	765,276	320,000	(b)	N/A
ISQ Global Infrastructure	535,214	-	(b)	N/A
Strategic Investors Fund X	707,817	322,600	(c)	(c)
Pointer Offshore	4,793,797	2,500,000	(b)	N/A
US Real Estate Investment	4,141,704	-	(d)	(d)
	<u>\$ 15,197,165</u>	<u>\$ 4,312,600</u>		

(b) These funds have a 10 year lock up period with three additional 1 year lockup extensions at the discretion of the general partner.

(c) This fund has a 2 year initial lock up term. Investors can access up to 50% of their capital semiannually at June 30 and December 31, with written notice to be received by 3.5 months prior to the redemption date.

(d) This fund allows outstanding redemption interests to be accommodated as liquid assets permit, or, if liquid assets are insufficient to satisfy all such Redemption Interests, by means of one or more partial payments made on a pro rata basis with respect to all such Redemption Interests as of the last day of each calendar quarter. Redemption notice is required 90 days prior to a calendar quarter end.

(5) **Capital Assets:**

Capital asset activity for the year ended March 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 251,407	\$ -	\$ 251,407	\$ -
Construction in progress	60,305	15,862,594	60,305	15,862,594
Capital assets not being depreciated	<u>\$ 311,712</u>	<u>\$ 15,862,594</u>	<u>\$ 311,712</u>	<u>\$ 15,862,594</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	\$ 9,737,452	\$ 9,990	\$ -	\$ 9,747,442
Equipment	801,350	186,825	-	988,175
	10,538,802	196,815	-	10,735,617
Less: accumulated depreciation	5,777,086	477,799	-	6,254,885
Capital assets being depreciated, net	<u>\$ 4,761,716</u>	<u>\$ (280,984)</u>	<u>\$ -</u>	<u>\$ 4,480,732</u>

Capital assets increased substantially from the prior year by approximately \$15 million as the Foundation began the construction of a permanent facility for Indiantown High School, a charter school managed by the College.

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**(6) Pledges Receivable:**

Pledge receivables are recorded in the Statements of Net Position for restricted accounts at net realizable value in accordance with GASB 33. Pledge receivables were discounted using a discount rate of 3.0% and an allowance for bad debts as of March 31, 2023.

Pledges receivable as of March 31, 2023, are:

<b>Year Ending March 31,</b>	<b>Amount</b>
2024	\$ 1,197,490
2025	90,000
2026	65,000
2027	35,000
2028	32,500
Subtotal pledges	1,419,990
Less: Allowance for bad debts	66,625
Less: Present value discounts	87,482
Total pledges receivable, net	1,265,883
Less: Current portion of pledges receivable	1,197,490
Long-term portion of pledges receivable	\$ 68,393

**(7) Long-Term Debt:**

Long-term debt consists of a promissory note to a bank with a balance of \$4,159,742 at March 31, 2023, secured by all income related to student housing, with monthly payments of \$25,932, including interest at 1.7% per annum, maturing April 1, 2038.

A summary of changes in long-term debt activity for the year ended March 31, 2023 is as follows:

<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
\$ 4,396,994	\$ -	\$ 237,252	\$ 4,159,742	\$ 242,475

Maturities of the long-term debt are as follows:

<b>Year Ending March 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 242,475	\$ 68,711	\$ 311,186
2025	246,630	64,556	311,186
2026	250,855	60,331	311,186
2027	255,153	56,033	311,186
2028	259,525	51,661	311,186
2029 – 2033	1,365,863	190,066	1,555,929
2034 – 2038	1,486,950	68,979	1,555,929
2039	52,291	90	52,381
Total	\$ 4,159,742	\$ 560,427	\$ 4,720,169

**INDIAN RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**(8) Commitments:**

In March 1994, the Foundation entered into a 99-year lease agreement with Indian River State College for 2.5 acres of land located at the main college campus rent for the entire term of the lease was \$99.

The Foundation has given conditional promises to pay scholarships under the Take Stock in Children program to certain children, conditioned upon their maintaining certain standards until they graduate from high school. Florida Prepaid Tuition Vouchers have been purchased to fulfill this commitment. Scholarship expense is recognized when the students have met the conditions of the award and the tuition vouchers are transferred to their name.

Unconditional promises to give payable on the Statement of Net Position are generally due within a one-year period and consist of scholarships awarded and grants to Indian River State College for programs, equipment and facilities.

During the year ended March 31, 2023, the Foundation entered into a construction contract for \$25 million associated with the construction of a permanent facility for Indiantown High School, a charter school managed by the College. As of March 31, 2023, approximately \$10 million remains to be paid under this construction contract.

**(9) Restricted Net Position:**

At March 31, 2023, the restricted nonexpendable endowments net position consisted of endowment funds. Investment earnings earned by endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual meeting. The spending rate for the year ending March 31, 2023, was 5% to support donor-designated scholarships and programs and administrative fees. The spendable earnings are recorded as increases to the restricted expendable net position.

At March 31, 2023, the restricted expendable net position includes undistributed earnings related to endowment funds, which represents gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Restricted expendable amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure. All excess earnings and spending appropriations not distributed will remain as part of the endowment fund to hedge against inflation and other threats to loss of purchasing power.

The Foundation follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and its own governing documents. FUPMIFA requires the Foundation to prudently manage its funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under FUPMIFA. The majority of the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.



**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**

To the Board of Directors  
Indian River State College Foundation, Inc.  
Fort Pierce, 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 business-type activities of Indian River State College Foundation, Inc. (the "Foundation"), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated August 29, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 have not been identified.

## **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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 29, 2023  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*