

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
TABLE OF CONTENTS
MARCH 31, 2023 AND 2022

| | <u>Page(s)</u> |
|--|----------------|
| Independent Auditors' Report | 1 – 2 |
| Basic Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statement of Functional Expenses – For the Year Ended March 31, 2023 | 5 |
| Statement of Functional Expenses– For the Year Ended March 31, 2022 | 6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 – 17 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 18 – 19 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Tallahassee Community College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tallahassee Community College Foundation, Inc. (the Foundation), a component unit of Tallahassee Community College (the College), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

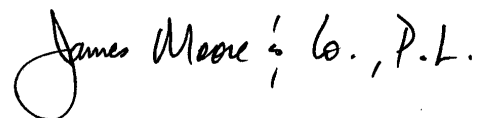
In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 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 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
August 24, 2023

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

| <u>ASSETS</u> | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 150,640 | \$ 56,353 |
| Investments | 1,231,445 | 1,641,480 |
| Current portion contributions receivable | 402,814 | 405,247 |
| Prepaid expenses | - | 49,752 |
| Total current assets | 1,784,899 | 2,152,832 |
| Noncurrent assets | | |
| Cash and cash equivalents restricted for endowments | 510,140 | 448,682 |
| Investments restricted for endowments | 17,465,168 | 19,184,371 |
| Noncurrent portion contributions receivable, net | 421,614 | 136,949 |
| Land held for sale | 410,000 | 325,000 |
| Collectibles and other assets | - | 5,777 |
| Total noncurrent assets | 18,806,922 | 20,100,779 |
| Total Assets | \$ 20,591,821 | \$ 22,253,611 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 109,405 | \$ 140,150 |
| Total current liabilities | 109,405 | 140,150 |
| Total liabilities | 109,405 | 140,150 |
| Net assets | | |
| Without donor restrictions | 1,574,560 | 1,183,071 |
| With donor restrictions | 18,907,856 | 20,930,390 |
| Total net assets | 20,482,416 | 22,113,461 |
| Total Liabilities and Net Assets | \$ 20,591,821 | \$ 22,253,611 |

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenues | | | | | | |
| Private contributions | \$ 266,237 | \$ 1,973,312 | \$ 2,239,549 | \$ 73,003 | \$ 1,349,333 | \$ 1,422,336 |
| In-kind contributions | 603,820 | - | 603,820 | 723,798 | - | 723,798 |
| Investment income, net | (71,858) | (1,358,203) | (1,430,061) | 9,993 | 1,133,360 | 1,143,353 |
| Special events | 1,378,522 | - | 1,378,522 | 276,930 | 25,000 | 301,930 |
| Miscellaneous | 31,662 | - | 31,662 | 13,873 | - | 13,873 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program and time restrictions | 2,637,643 | (2,637,643) | - | 2,062,879 | (2,062,879) | - |
| Total support and revenues | <u>4,846,026</u> | <u>(2,022,534)</u> | <u>2,823,492</u> | <u>3,160,476</u> | <u>444,814</u> | <u>3,605,290</u> |
| Expenses | | | | | | |
| Program services - educational activities | 1,741,660 | - | 1,741,660 | 2,146,375 | - | 2,146,375 |
| General and administrative | 392,796 | - | 392,796 | 515,126 | - | 515,126 |
| Development activities | 2,320,081 | - | 2,320,081 | 472,099 | - | 472,099 |
| Total expenses | <u>4,454,537</u> | <u>-</u> | <u>4,454,537</u> | <u>3,133,600</u> | <u>-</u> | <u>3,133,600</u> |
| Increase (decrease) in net assets | <u>391,489</u> | <u>(2,022,534)</u> | <u>(1,631,045)</u> | <u>26,876</u> | <u>444,814</u> | <u>471,690</u> |
| Net assets, beginning of year | 1,183,071 | 20,930,390 | 22,113,461 | 1,156,195 | 20,485,576 | 21,641,771 |
| Net assets, end of year | <u>\$ 1,574,560</u> | <u>\$ 18,907,856</u> | <u>\$ 20,482,416</u> | <u>\$ 1,183,071</u> | <u>\$ 20,930,390</u> | <u>\$ 22,113,461</u> |

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

| | Educational Activities | General and Administrative | Development Activities | Total |
|-------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------|
| Contract services | \$ 28,190 | \$ 78,714 | \$ 1,420,359 | \$ 1,527,263 |
| Scholarships | 811,448 | - | - | 811,448 |
| Academic and athletic support | 604,526 | 9,520 | - | 614,046 |
| Rental | 7,044 | 63,811 | 376,222 | 447,077 |
| Personnel services | 140,844 | 67,113 | 218,972 | 426,929 |
| Hospitality and events | 63,715 | 30,950 | 60,372 | 155,037 |
| Materials and supplies | 53,761 | 7,689 | 85,004 | 146,454 |
| Advertising | 4,397 | 4,530 | 57,621 | 66,548 |
| Professional fees | - | 58,088 | - | 58,088 |
| Miscellaneous | 20,304 | 5,219 | 32,476 | 57,999 |
| Travel | 1,928 | 4,234 | 29,511 | 35,673 |
| Bad debt | - | 26,568 | - | 26,568 |
| Printing and postage | 1,845 | 7,417 | 14,546 | 23,808 |
| Bank fees | - | 10,575 | 12,371 | 22,946 |
| Insurance | - | 7,127 | 8,314 | 15,441 |
| Meetings | 833 | 7,063 | 121 | 8,017 |
| Honoraria and awards | 2,810 | 1,008 | 4,167 | 7,985 |
| Dues and subscriptions | - | 3,170 | - | 3,170 |
| Licenses | - | - | 25 | 25 |
| Training | 15 | - | - | 15 |
| Total expenses | \$ 1,741,660 | \$ 392,796 | \$ 2,320,081 | \$ 4,454,537 |

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

| | <u>Educational Activities</u> | <u>General and Administrative</u> | <u>Development Activities</u> | <u>Total</u> |
|-------------------------------|--|--|--|----------------------------|
| Academic and athletic support | \$ 888,903 | \$ 9,259 | \$ - | \$ 898,162 |
| Scholarships | 708,478 | - | - | 708,478 |
| Personnel services | 253,931 | 93,988 | 64,307 | 412,226 |
| Contract services | 87,904 | 101,600 | 203,542 | 393,046 |
| Materials and supplies | 86,850 | 23,233 | 90,705 | 200,788 |
| Professional fees | - | 149,450 | - | 149,450 |
| Hospitality and events | 21,794 | 33,941 | 51,684 | 107,419 |
| Rental | 44,080 | 15,601 | 13,549 | 73,230 |
| Printing and postage | 15,972 | 7,284 | 13,977 | 37,233 |
| Bad debt | - | 31,956 | - | 31,956 |
| Honoraria and awards | 11,538 | 14,765 | 4,640 | 30,943 |
| Miscellaneous | 14,573 | 5,827 | 3,690 | 24,090 |
| Advertising | 7,279 | 1,160 | 14,120 | 22,559 |
| Travel | 3,054 | 432 | 11,707 | 15,193 |
| Bank fees | - | 11,933 | - | 11,933 |
| Meetings | 1,119 | 5,399 | 153 | 6,671 |
| Insurance | - | 6,040 | - | 6,040 |
| Dues and subscriptions | - | 2,313 | - | 2,313 |
| Training | 900 | 945 | - | 1,845 |
| Licenses | - | - | 25 | 25 |
| Total expenses | <u><u>\$ 2,146,375</u></u> | <u><u>\$ 515,126</u></u> | <u><u>\$ 472,099</u></u> | <u><u>\$ 3,133,600</u></u> |

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | 2023 | 2022 |
|--|----------------|--------------|
| Cash flows from operating activities | | |
| Cash received from contributors and others | \$ 2,763,760 | \$ 1,343,202 |
| Cash received from interest and dividends | 388,950 | 427,787 |
| Cash paid for scholarships and suppliers | (3,825,933) | (2,375,669) |
| Net cash used in operating activities | (673,223) | (604,680) |
| Cash flows from investing activities | | |
| Purchases of investments | - | (363,235) |
| Sales of investments | 531,981 | 790,285 |
| Net cash provided by investing activities | 531,981 | 427,050 |
| Cash flows from financing activities | | |
| Contributions restricted for endowments | 296,987 | 288,041 |
| Increase in cash and cash equivalents, and restricted cash | 155,745 | 110,411 |
| Cash and cash equivalents, and restricted cash beginning of year | 505,035 | 394,624 |
| Cash and cash equivalents, and restricted cash end of year | \$ 660,780 | \$ 505,035 |
| Reconciliation of increase (decrease) in net assets to net cash used in operating activities | | |
| Increase (decrease) in net assets | \$ (1,631,045) | \$ 471,690 |
| Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities: | | |
| Realized and unrealized (gain) loss on investments | 1,512,257 | (1,034,193) |
| (Increase) decrease in: | | |
| Prepaid expenses | 49,752 | (49,752) |
| Collectibles and other assets | 5,777 | - |
| Contributions receivable | (282,232) | 211,731 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (30,745) | 83,885 |
| Contributions restricted for endowments | (296,987) | (288,041) |
| Total adjustments | 957,822 | (1,076,370) |
| Net cash provided by (used in) operating activities | \$ (673,223) | \$ (604,680) |
| Supplemental schedule of non-cash investing and financing activities: | | |
| Prepaid gift cards | \$ - | \$ 22,025 |
| Gift cards used by students | - | (24,454) |
| | \$ - | \$ (2,429) |

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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

(a) **Nature of organization**—Tallahassee Community College Foundation, Inc. (the Foundation) was incorporated on February 23, 1981, as a Florida non-profit corporation under the provisions of 1004.70 Florida Statutes – Community College Direct Support Organizations. The Foundation was organized to aid the advancement of Tallahassee Community College (the College) and to support attending students by means of academic scholarships and student loans. The Foundation receives revenue primarily from private contributions, donated services from the College, fund raising events, and earnings from its managed investment pools.

(b) **Basis of presentation and classification of net assets**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation’s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions - consists of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations.

Net assets with donor restrictions - consists of amounts that are available for the purposes restricted by donors and grantors, a time restriction, or to be held in perpetuity with earnings restricted for a specific purpose. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(c) **Land held for sale**—Land held for sale consists of real property donated to the Foundation, recorded and held at its fair value.

(d) **Collectibles**—Inexhaustible collectibles consist of silver trays and paintings and are valued at their fair market value at the date of the gifts. Collectibles that are exhaustible are capitalized and included with other assets in the financial statements.

(e) **Income taxes**—The Foundation is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

Due to its tax-exempt status, the Foundation is not subject to U.S. federal income tax or state income tax. The Foundation’s Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three (3) years.

(f) **Advertising costs**—The Foundation expenses advertising costs as incurred.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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

(g) **Cash and cash equivalents**—For the purposes of reporting cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash, cash equivalents, or restricted cash.

The following are amounts for cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 150,640 | \$ 56,353 |
| Cash restricted for endowment purposes | 510,140 | 448,682 |
| | \$ 660,780 | \$ 505,035 |

(h) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(i) **Functional allocation of expenses**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. In-kind salaries and benefits provided by the College are allocated based on management’s estimate of time and effort. All other expenses are recorded based on the nature of the expense directly related to the functional category.

(j) **Fair value measurements**—The Foundation’s investments are stated at fair value (see Note 6). Fair value is 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.

(k) **Pronouncements issued**—In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among Foundations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021. The Foundation evaluated the effect of implementation of the standard and noted it had no effect on the financial position, results of operations, and cash flows.

(2) **Related Party Transactions:**

Personnel and certain facility costs are provided to the Foundation by the College. For the years ended March 31, 2023 and 2022, the Foundation has recorded these donated services at \$426,929 and \$412,227 for personnel services, \$62,142 and \$62,142 for facility costs, and \$114,361 and \$249,305 for other office expenses, respectively.

In addition, during the years ending March 31, 2023 and 2022, the Foundation utilized the services of vendors owned by board members in the amount of \$23,072 and 24,177, respectively.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(3) Contributions Receivable:

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows have been calculated using a discount rate of 3.60% and 2.42%, after providing for collection losses for the years ended March 31, 2023 and 2022, respectively. A summary of contributions to be collected follows:

| | 2023 | 2022 |
|-----------------------------------|-------------|-------------|
| In one year or less | \$ 402,813 | \$ 405,247 |
| Between one year and ten years | 553,812 | 160,683 |
| | 956,625 | 565,930 |
| Less: | | |
| Allowance for collection losses | (34,608) | (21,239) |
| Discounts for time-value of money | (97,589) | (2,495) |
| | \$ 824,428 | \$ 542,196 |

The Foundation is the beneficiary of conditional promises to give. A conditional promise requires a future event to take place before the promise becomes binding on the donor. Typically, the Foundation has no control over the required event. As of March 31, 2023 and 2022, the Foundation was the beneficiary of various promises to give that did not meet recognition criteria of approximately \$3,760,000 and \$3,760,000, respectively. No receivable was recorded for these conditional pledges, nor was future support recognized.

(4) Land Held for Sale:

Land held for sale currently consists of one (1) parcel of real property. The proceeds are restricted to use in promotion and funding of higher education efforts of children graduating from Wakulla County Schools. As market conditions change, the parcel's appraised value can suffer impairment losses from the determined fair market value recorded at date of donation. A summary of land held for sale, investment, and development is as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Approximately forty-eight (48) acres, DR. MLK Jr. Road, Crawfordville, Florida | \$ 605,000 | \$ 605,000 |
| Impairment loss | (195,000) | (280,000) |
| | \$ 410,000 | \$ 325,000 |

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(5) Investments:

Investments are carried at fair value; realized and unrealized gains and losses are reflected in investment income, net, in the Statement of Activities. The following are the major types of investments held by the Foundation at March 31, 2023 and 2022:

| | 2023 | 2022 |
|---------------------------------------|----------------------|----------------------|
| Investment pool | \$ 17,465,168 | \$ 19,184,371 |
| Bond mutual and exchange traded funds | 1,231,445 | 1,641,480 |
| | \$ 18,696,613 | \$ 20,825,851 |

March 31, 2023

Investment pool consists of 96.1% in mutual funds, 3.9% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2023.

March 31, 2022

Investment pool consists of 94.1% in mutual funds, 5.9% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2022.

The investment return, which is included in revenue and support as a component of investment income, is composed of the following for the years ended March 31:

| | 2023 | 2022 |
|---|-----------------------|---------------------|
| Interest and dividends | \$ 283,213 | \$ 663,298 |
| Net realized gain (loss) on investments | 127,587 | 74,638 |
| Net unrealized gain (loss) on investments | (1,797,784) | 448,953 |
| Investment fees | (43,077) | (43,536) |
| | \$ (1,430,061) | \$ 1,143,353 |

(6) Commitments:

As of March 31, 2023 and 2022, the Foundation maintained programmatic grant commitments to the College in the amounts of \$99,500 and \$100,321 for promises to give conditional upon the College's satisfaction of compliance with donor/grantor restrictions.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(7) Fair Value Measurements:

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The guidance describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. The fair values of the Foundation's Level 2 closely-managed investment funds and land held for sale and investment are based on program management's estimate of the underlying value of the net assets and market appraisals of similar assets, respectively.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Fair Value Measurements at March 31, 2023

| <u>Description</u> | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | <u>Fair Value</u> |
|--|----------------------|-------------------|------------------|----------------------|
| Investments restricted for endowment purposes: | | | | |
| Money market funds | \$ 510,140 | \$ - | \$ - | \$ 510,140 |
| Domestic equity securities | 8,638,435 | - | - | 8,638,435 |
| International equity securities | 5,765,438 | - | - | 5,765,438 |
| Domestic bond mutual funds | 1,751,369 | - | - | 1,751,369 |
| International bond mutual funds | 745,568 | - | - | 745,568 |
| FEG pooled investments | - | 564,358 | - | 564,358 |
| Total investments restricted for endowment purposes: | <u>17,410,950</u> | <u>564,358</u> | <u>-</u> | <u>17,975,308</u> |
| Non-endowed investments: | | | | |
| Equity mutual funds | 315,409 | - | - | 315,409 |
| Bond mutual and ETF's | 916,036 | - | - | 916,036 |
| Total non-endowed investments: | <u>1,231,445</u> | <u>-</u> | <u>-</u> | <u>1,231,445</u> |
| Nonfinancial assets: | | | | |
| Land | - | 410,000 | - | 410,000 |
| Total assets | <u>\$ 18,642,395</u> | <u>\$ 974,358</u> | <u>\$ -</u> | <u>\$ 19,616,753</u> |

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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

| Fair Value Measurements at March 31, 2022 | | | | |
|--|------------------|------------------|------------------|-------------------|
| Description | (Level 1) | (Level 2) | (Level 3) | Fair Value |
| Investments restricted for endowment purposes: | | | | |
| Money market funds | \$ 408,844 | \$ - | \$ - | \$ 408,844 |
| Domestic equity securities | 10,271,981 | - | - | 10,271,981 |
| International equity securities | 5,806,280 | - | - | 5,806,280 |
| Domestic bond mutual funds | 1,706,123 | - | - | 1,706,123 |
| International bond mutual funds | 614,057 | - | - | 614,057 |
| FEG pooled investments | - | 785,930 | - | 785,930 |
| Total investments restricted for endowment purposes: | 18,807,285 | 785,930 | - | 19,593,215 |
| Non-endowed investments: | | | | |
| Equity mutual funds | 415,718 | - | - | 415,718 |
| Bond mutual and ETF's | 1,225,762 | - | - | 1,225,762 |
| Total non-endowed investments: | 1,641,480 | - | - | 1,641,480 |
| Nonfinancial assets: | | | | |
| Land | - | 325,000 | - | 325,000 |
| Total assets | \$ 20,448,765 | \$ 1,110,930 | \$ - | \$ 21,559,695 |

(8) **Endowments:**

The Foundation's endowments consist of one hundred fifty (150) donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

Interpretation of Relevant Law—Florida has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective on July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation's Board of Directors. Although UPMIFA does not preclude the Foundation from spending below the original gift value of donor-restricted endowments, the Foundation considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor.

With regard to donor restricted endowments, the Foundation respects and enforces the donor's restriction to preserve the historic gift value of the fund.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(8) **Endowments:** (Continued)

Endowment Spending Policy—The maximum endowment spending is equal to 4% of a five (5) year moving average of endowment fund balances starting from the most recent calendar year end. If an endowment does not have five (5) years of historical returns, then the calendar year end balance would be averaged to the extent available. The payout is subject to the following provisions:

1. No disbursement will be made if the endowment fund balance is less than corpus, defined as donor restricted contributions to be held in perpetuity, at the time of the spending calculation.
2. The endowment spending payout is limited to the lesser of the maximum endowment spending calculated above, or the amount by which the endowment fund balance exceeds corpus.

Endowment Investment Policy—The endowment investment policy adopted by the Foundation’s Board of Directors seeks long-term growth of principal to preserve and grow Foundation assets, cover expenses, and maintain the approved spending rate of the funds. The Foundation maximizes the probability that the funds will meet or exceed an annualized target rate of return, adjusted for inflation, by having a target rate of return equal to the Board-adopted spending policy’s percentage amount plus inflation and expenses. The Board of Directors considers and seeks to minimize appropriate risks when overseeing the funds managed by its contracted investment advisor and selecting its investment strategies. The strategies for achieving the Foundation’s investment objectives include a well-diversified portfolio, target allocations in each investment category, guidelines and restricted investments, benchmarks for performance of each asset class, low fees, performance measurement, regular monitoring, and detailed reports.

Endowment net assets composition by type of fund as of March 31, 2023:

| | With Donor Restrictions | | |
|---|---------------------------------|--|--------------------|
| | Original Gift Amount | Accumulated Gains and Other | Total Funds |
| Donor-restricted endowment funds | \$ 9,064,702 | \$ 6,735,091 | \$ 15,799,793 |
| | With Donor Restrictions | | |
| | Original Gift Amount | Accumulated Gains and Other | Total Funds |
| Endowment net assets, beginning of year | \$ 9,073,004 | \$ 8,811,731 | \$ 17,884,735 |
| Investment return, net | - | (1,443,203) | (1,443,203) |
| Contributions | 318,079 | - | 318,079 |
| Transfers | (326,381) | - | (326,381) |
| Amounts appropriated for expenditure | - | (633,437) | (633,437) |
| | \$ 9,064,702 | \$ 6,735,091 | \$ 15,799,793 |

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(8) **Endowments:** (Continued)

Endowment net assets composition by type of fund as of March 31, 2022:

| | With Donor Restrictions | | |
|----------------------------------|---------------------------------|--|--------------------|
| | Original Gift Amount | Accumulated Gains and Other | Total Funds |
| Donor-restricted endowment funds | \$ 9,073,004 | \$ 8,811,731 | \$ 17,884,735 |

| | With Donor Restrictions | | |
|---|---------------------------------|--|--------------------|
| | Original Gift Amount | Accumulated Gains and Other | Total Funds |
| Endowment net assets, beginning of year | \$ 8,732,245 | \$ 8,357,258 | \$ 17,089,503 |
| Investment return, net | - | 1,133,360 | 1,133,360 |
| Contributions | 309,764 | - | 309,764 |
| Transfers | 30,995 | - | 30,995 |
| Amounts appropriated for expenditure | - | (678,887) | (678,887) |
| | \$ 9,073,004 | \$ 8,811,731 | \$ 17,884,735 |

(9) **Underwater Endowment Funds:**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in eleven (11) donor-restricted endowment funds, which together have an original gift value of \$165,175, a current fair value of \$142,967 and a deficiency of \$22,208 as of March 31, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

(10) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

- (a) **Demand and Time Deposits**—The Foundation maintains cash and time deposits with several financial institutions and brokerage houses. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with the financial institutions are federally insured up to FDIC limits. At brokerage houses, amounts are insured by the Securities Investor Protection Corporation (SIPC) up to the SIPC limits.
- (b) **Financial Instruments**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(10) **Concentrations of Credit Risk:** (Continued)

- (c) **Contributions Receivable**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include contributions receivable. The contributions receivable is made up of pledge receivables from donors.

(11) **Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of March 31, 2023 and 2022, are restricted for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Subject to expenditure for specified purpose: | | |
| Scholarships and grants | \$ 836,507 | \$ 1,329,229 |
| Academic, student programs, and support | 542,649 | 919,783 |
| Facility Support | 576,050 | - |
| Pledges receivable with purpose restrictions, net | <u>655,184</u> | <u>397,163</u> |
| | <u>2,610,390</u> | <u>2,646,175</u> |
| Subject to the passage of time: | | |
| Pledges receivable without restrictions, net | 106,431 | 74,479 |
| Land | <u>410,000</u> | <u>325,000</u> |
| | <u>516,431</u> | <u>399,479</u> |
| Subject to spending policy and appropriation: | | |
| Accumulated gains and term endowments | 6,735,091 | 8,811,731 |
| Pledges receivable to be held in perpetuity, net | 62,813 | 91,410 |
| Endowment funds restricted in perpetuity | <u>8,983,131</u> | <u>8,981,595</u> |
| | <u>15,781,035</u> | <u>17,884,736</u> |
| Total net assets with donor restrictions | <u>\$ 18,907,856</u> | <u>\$ 20,930,390</u> |

(12) **Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Non-endowed cash and cash equivalents | \$ 150,640 | \$ 56,353 |
| Non-endowed investments | 1,231,445 | 1,641,480 |
| Current portion of contributions receivable | 402,813 | 405,247 |
| | <u>\$ 1,784,898</u> | <u>\$ 2,103,080</u> |

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(12) **Liquidity and Availability of Resources:** (Continued)

It is the Foundation's policy to employ cash at all times in short term cash equivalents to provide safety, liquidity and return. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment return of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, bond mutual funds and exchange traded funds.

For the purposes of analyzing resources available to meet general expenditures over a twelve (12) month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Endowment spending and endowed assets are not included in this calculation, refer to Note 7 for information on the Endowment spending policy of the Foundation.

(13) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 24, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed other than the event noted below.

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

To the Board of Directors,
Tallahassee Community College Foundation, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee Community College Foundation, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated August 24, 2023.

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 the 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.

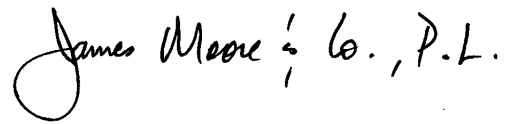
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Tallahassee, Florida
August 24, 2023