

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.

(A Component Unit of St. Petersburg College)

**Basic Financial Statements
and Supplementary Information**

March 31, 2024 and 2023

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Financial Statements
March 31, 2024 and 2023

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PRIDA GUIDA & PEREZ, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2504 W. Kathleen Street

Tampa, FL 33607

INDEPENDENT AUDITORS' REPORT

Board of Directors
Institute for Strategic Policy Solutions, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Institute for Strategic Policy Solutions, Inc. ("Institute"), a component unit of St. Petersburg College, as of and for the years ended March 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Institute as of March 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute'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 Institute's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITORS' REPORT (Continued)

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2024 on our consideration of the Institute'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 Institute'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 Institute's internal control over financial reporting and compliance.



Prida Guida Perez P.A.
Tampa, Florida
July 3, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2024 and 2023

The management of the Institute for Strategic Policy Solutions Inc. ("Institute" or "ISPS") at St. Petersburg College ("College") presents the following management's discussion and analysis ("MD&A") narrative overview and analysis of the financial activities of the Institute for the year ended March 31, 2024, with comparative information for the years ended March 31, 2023 and 2022. The purpose of this discussion is to enable the reader to identify and understand the significant issues and the financial condition of the Institute. The information presented here should be read in conjunction with accompanying audited financial statements and footnotes. The financial statements, footnotes, and this MD&A were prepared by management and are the responsibility of management.

Financial Highlights

Overview: The Institute's financial position as a whole increased during the year ended March 31, 2024, with net position increased by \$1,279,683 or 9% primarily due to favorable investment activity gains offset by an operating activity loss, overall increasing the net position balance to \$15,440,638.

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

Condensed Schedule of Net Position

	March 31, 2024	Change		March 31, 2023	Change		March 31, 2022
Assets							
Current assets	\$ 15,569,127	\$ 1,256,106 9%		\$ 14,313,021	\$ (20,402) .0%		\$ 14,333,423
Liabilities							
Current liabilities	\$ 128,489	\$ (23,577) -16%		\$ 152,066	\$ 147,553 3,270%		\$ 4,513
Net position							
Restricted - expendable	-	(247) -100%		247	(36,381) -99%		36,628
Unrestricted	15,440,638	1,279,930 9%		14,160,708	(131,574) -1%		14,292,282
Total net position	15,440,638	1,279,683 9%		14,160,955	(167,955) -1%		14,328,910
Total liabilities and net position	\$ 15,569,127	\$ 1,256,106 9%		\$ 14,313,021	\$ (20,402) .0%		\$ 14,333,423

The statement of net position includes all assets and liabilities of the Institute. Net position serves as a useful indicator of an organization's financial health over time.

The condensed schedule of net position shows the assets, liabilities, and net position as of March 31, 2024, 2023, and 2022. Current assets consist of cash, cash equivalents, and investments, and current liabilities consist of amounts due to St. Petersburg College. Current assets increased by \$1,256,106 or 9% during 2024 and decreased by \$20,402 or <1% during 2023.

Current liabilities decreased by \$23,577 or 16% during 2024 and increased by \$147,553 or 3,270% during 2023. The reason for the 2024 and 2023 current liabilities was due to the change in the net amount due to the College for operating expenses paid on behalf of the Institute.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2024 and 2023

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

	Year Ended March 31, 2024	Change		Year Ended March 31, 2023	Change		Year Ended March 31, 2022
Operating revenue and expenses							
Operating revenues	\$ 16,864	\$ (5,056)	-23%	\$ 21,920	\$ (58,659)	-73%	\$ 80,579
Operating expenses	529,112	(26,499)	-5%	555,611	150,215	37%	405,396
Operating (loss) income	(512,248)	21,443	-4%	(533,691)	(208,874)	64%	(324,817)
Nonoperating revenue	1,791,931	1,426,195	390%	365,736	365,736	100%	-
Nonoperating transfer of assets from St. Petersburg College Foundation	-	-	100%	-	(14,232,693)	-100%	14,232,693
Change in net position	1,279,683	1,447,638	-862%	(167,955)	(14,075,831)	-101%	13,907,876
Net position, beginning of year	14,160,955	(167,955)	-1%	14,328,910	13,907,876	3,303%	421,034
Net position, end of year	<u>\$ 15,440,638</u>	<u>\$ 1,279,683</u>	<u>9%</u>	<u>\$ 14,160,955</u>	<u>\$ (167,955)</u>	<u>-1%</u>	<u>\$ 14,328,910</u>

The statement of revenues, expenses, and change in net position categorizes revenues earned and expenses incurred during the year that are connected directly to the Institute's primary functions as operating revenues and expenses.

The condensed schedule of revenues, expenses and change in net position reflects operating revenue for the years ended March 31, 2024, 2023 and 2022. Operating revenue is primarily generated from contributions, sponsorships, and in-kind contributions from the College. Operating expenses exceeded operating revenues during 2024 resulting in an operating loss of \$512,248. Due to nonoperating income from investments of \$1,791,931 during the year ended March 31, 2024, offset by operating losses, net position increased \$1,279,683.

Using the Information in the Financial Report

The Institute's financial statements are immediately following this discussion and analysis.

This annual report consists of a series of financial statements prepared in accordance with pronouncements issued by the GASB. These statements focus the reader of the financial reports on the Institute's overall financial condition, and change in net position and cash flows, taken as a whole.

One of the most important questions asked about the Institute's finances is whether the Institute is better or worse off as a result of the year's activities. The keys to understanding this question are the statement of net position, statement of revenues, expenses and change in net position, and the statement of cash flows. These statements present financial information in a form similar to that used by private sector companies. The Institute's net position (the difference between assets and liabilities) is one indicator of the Institute's financial health when considered in combination with other nonfinancial information.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
March 31, 2024 and 2023

Using the Information in the Financial Report (Continued)

The statements of net position report assets, liabilities, and net position as of March 31, 2024 and 2023. The balances are a reflection of activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the statements of revenues, expenses and change in net position. The balances are presented as either current (expected to be realized within 12 months) or noncurrent in nature.

The statements of revenues, expenses and change in net position report revenue earned and expenses incurred during the year as either operating or nonoperating. Contributions, sponsorships, and donations, and administration, programming and fundraising related activities are reported as operating revenue and expenses. Investment activity is reported as nonoperating revenue. Both the statements of net position and the statements of revenues, expenses and change in net position are prepared using the accrual basis of accounting.

The remaining required statement is the statement of cash flows showing the sources and use of funds, in essence, accounting for the change in cash and cash equivalents balances for the reporting periods.

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

Economic Outlook for Fiscal Year 2024-2025

In 2023, the Institute focused on organizational governance, statewide impact, and measuring outcomes. The Institute, in its third year of the three-year strategic plan (2022-2025), focused on branding, content development, and statewide impact. In accordance with that plan, and to achieve the commitment to statewide impact, the Institute collaborated with four Florida State Colleges for the annual Grand Debate, (Eastern Florida State College, Hillsborough Community College, Miami-Dade College and Polk Community College), held programs at Hillsborough Community College and Pasco-Hernando State College, and connected with the Association of Florida Colleges ("AFC") and the Florida College System Activities Association ("FCSAA"). This past year, the Institute engaged with 52 community speakers, collaborated with 16 partners, had 31 press mentions, and increased website users to 10,600 and newsletter subscribers to 7,000.

The Institute produced a documentary on Congressman Bill Young, interviewing several of the Congressman's colleagues and persons instrumental to the creation of the Institute. The Institute's outreach efforts increased in strength from the continued efforts of the Statewide Coordinator role to expand the Institute's presence in Florida. Administratively, the Institute acquired General Liability and Directors, Officers & Organization Liability policies, enhanced transparency with firm policies and financial controls, and cultivated private support and fundraising. The Institute's investment policy proved robust and yielded significant gains over the past year.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
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Management's Discussion and Analysis (Unaudited)
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Economic Outlook for Fiscal Year 2024-2025 (Continued)

In the next fiscal year, the Institute plans to pivot to economic programming with an emphasis on Artificial Intelligence ("AI"), workforce opportunities transportation, and the legacy of Congressman Young's statewide appropriations. The Institute will continue to strengthen its organizational governance and refine the mode and methods of engagement with the Florida College System.

The Institute's goal for the 2026-2029 Strategic Plan will be to achieve a broader impact statewide by developing a stronger bond with the CIA-Council for Instructional Affairs, CWE-Council of Workforce Engagement, and CSA-Council of Student Advisors. The Institute welcomes the opportunity to a Florida Day at the Capitol and a Student-led Summit within the next three years. The Institute will continue to elevate efforts to connect with the community that comprises the Florida College System.

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

Kimberly G. Jackson, Esq., Executive Director
Institute of Strategic Policy Solutions, Inc.
P.O. Box 13489 | St. Petersburg, FL 33733

BASIC FINANCIAL STATEMENTS

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Statements of Net Position

	March 31,	
	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 256,518	\$ 1,166,094
Investments	15,312,609	13,146,927
Total current assets	<u>15,569,127</u>	<u>14,313,021</u>
 Total assets	 <u><u>\$ 15,569,127</u></u>	 <u><u>\$ 14,313,021</u></u>
 Liabilities and net position		
Current liabilities		
Accounts payable	\$ 9,128	\$ 8,522
Due to St. Petersburg College	119,361	143,544
Total current liabilities	<u>128,489</u>	<u>152,066</u>
 Net position		
Restricted - expendable	-	247
Unrestricted	15,440,638	14,160,708
Total net position	<u>15,440,638</u>	<u>14,160,955</u>
 Total liabilities and net position	 <u><u>\$ 15,569,127</u></u>	 <u><u>\$ 14,313,021</u></u>

Read the accompanying notes to the financial statements.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Statements of Revenues, Expenses, and Change in Net Position

	Year Ended March 31,	
	2024	2023
Operating revenue		
In-kind operating contributions	\$ 8,190	\$ 7,695
Contributions and sponsorships	8,674	14,225
Total operating revenues	<u>16,864</u>	<u>21,920</u>
Operating expenses		
Personnel services	394,681	353,681
Advertising and marketing	20,323	17,828
Travel (refund) expense, net	34,704	86,672
Other expenses	18,572	4,720
Contractual and professional services	48,958	77,107
Facilities and utilities	7,840	7,695
Materials and supplies	4,034	7,908
Total operating expenses	<u>529,112</u>	<u>555,611</u>
Operating loss	<u>(512,248)</u>	<u>(533,691)</u>
Nonoperating revenue		
Interest and dividends, net of fees	331,985	99,010
Net change in fair value of investments	<u>1,459,946</u>	<u>266,726</u>
Total nonoperating revenue	<u>1,791,931</u>	<u>365,736</u>
Change in net position	<u>1,279,683</u>	<u>(167,955)</u>
Net position at beginning of year	<u>14,160,955</u>	<u>14,328,910</u>
Net position at end of year	<u><u>\$ 15,440,638</u></u>	<u><u>\$ 14,160,955</u></u>

Read the accompanying notes to the financial statements.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Statements of Cash Flows

	Year Ended March 31,	
	2024	2023
Cash flows from operating activities		
Cash received from donors and members	\$ 8,674	\$ 14,225
Cash paid to St. Petersburg College	(510,486)	(300,428)
Cash paid to suppliers of goods and services	(34,013)	(64,693)
Net cash used in operating activities	<u>(535,825)</u>	<u>(350,896)</u>
Cash flows from investing activities		
Proceeds from sale of investments	7,457,362	3,731,370
Purchase of investments	<u>(7,831,113)</u>	<u>(16,512,561)</u>
Net cash used in investing activities	<u>(373,751)</u>	<u>(12,781,191)</u>
Net change in cash and cash equivalents	(909,576)	(13,132,087)
Cash and cash equivalents, beginning of year	1,166,094	14,298,181
Cash and cash equivalents, end of year	<u><u>\$ 256,518</u></u>	<u><u>\$ 1,166,094</u></u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (512,248)	\$ (533,691)
Adjustments to reconcile operating loss to net cash used in operating activities		
Changes in:		
Due from St. Petersburg College	(24,183)	178,786
Accounts payable	<u>606</u>	<u>4,009</u>
Net cash used in operating activities	<u><u>\$ (535,825)</u></u>	<u><u>\$ (350,896)</u></u>

Read the accompanying notes to the financial statements.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

Note 1 – Organization

Nature of operations – The Institute for Strategic Policy Solutions, Inc. (“Institute”) is a Florida nonprofit corporation. The Institute was formed in September 2011 and is governed by a Board of Directors (“Board”). The Institute was formed to benefit St. Petersburg College (“College”) in the promotion of educational and civic engagement and excellence through its operations and activities by providing students, faculty, college employees, and the community at large, a forum and center for learning and scholarly public discourse on key civic matters which may be local, regional, national, or international in scope and impact.

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

As a direct support organization, the Institute is subject to the policies and procedures of the College. Accordingly, the Institute, for reporting purposes, is considered a governmental organization subject to reporting under the Governmental Accounting Standards Board (“GASB”).

Note 2 – Summary of Significant Accounting Policies

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

Basis of accounting – The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule, the effects of inter-fund activities have been eliminated from the Institute’s financial statements. The Institute reports as an entity engaged in one business-type activity.

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

Cash and cash equivalents – The Institute’s cash and cash equivalents consist of cash in a demand deposit account and cash held in money market accounts which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor and the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per depositor. In addition, the Institute maintains accounts that qualify as public depositories pursuant to Chapter 280, Florida Statutes. Institute accounts maintained in accordance with Chapter 280, are not liable for losses. Any losses to public depositors are satisfied first through any applicable deposit insurance, and then through the sale of collateral pledged or deposited by the defaulting depository. For reporting cash flows, the Institute considers all high credit quality instruments with a duration of 30 days or less to be cash equivalents.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
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Note 2 – Summary of Significant Accounting Policies (Continued)

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

- *Restricted - expendable* – Assets subject to externally imposed conditions that can be fulfilled by the actions of the Institute or by the passage of time.
- *Unrestricted* – All other categories.

Classification of revenues and expenses – Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. The Institute considers operating revenues and expenses in the statement of revenues, expenses, and change in net position to be those revenues and expenses that result from activities that are connected directly to the Institute’s primary functions. Such transactions include promoting educational excellence, special event fundraising revenues, contributions, and in-kind contributions. The Institute’s operating expenses include all fiscal transactions related to promoting and supporting the purposes of the Institute, instruction, administration, academic support, and student services. Certain other transactions are reported as nonoperating income and loss. These nonoperating activities include the Institute’s noncapital financing activities and net investment income.

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

Donated items – The value of donated materials, services, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods or services received at the time of the donation. Employees of the College operate the Institute. The College also provides office space for the Institute which is recognized as in-kind contribution revenue and expenses.

Functional expenses – Operating expenses of the Institute other than program services are allocated to functional categories based on management’s estimate of the time spent and direct expenses incurred in each of the functions. These functions are defined as follows:

Program services – Includes the costs associated with the operation of the Institute, events, and forums.

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

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

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

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

Note 3 – Cash, Cash Equivalents, and Investments

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

	2024	2023
Cash and cash equivalents		
Commercial banks	\$ 181,626	\$ 714,407
Money market	74,892	451,687
Total cash and cash equivalents	<u>256,518</u>	<u>1,166,094</u>
Investments		
U.S. treasury notes	\$ 2,916,096	\$ 3,098,440
Federal agency obligations	5,085,418	4,139,847
Equity securities	4,956,876	3,778,812
Mutual funds	2,354,219	2,129,828
Total investments	<u>15,312,609</u>	<u>13,146,927</u>
Total cash, cash equivalents, and investments	<u>\$ 15,569,127</u>	<u>\$ 14,313,021</u>

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

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

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

2024		Investment Maturities (in Years)				Ratings	
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	S&P	Moody's
Investments							
U.S. Treasury notes	\$ 2,916,096	\$ 2,523,942	\$ 131,474	\$ 131,272	\$ 129,408	(1)	(1)
Federal agency obligations	5,085,418	4,821,108	-	127,959	136,351	AA+/NA	Aaa/NA
Fixed income mutual funds	138,563	-	138,563	-	-	BBB-	Baa
Fixed income mutual funds	1,167,563	-	-	-	1,167,563	AA/NA	Aaa/NA
Fixed income mutual funds	714,011	-	-	-	714,011	BBB/BBB-	Baa
Equity mutual funds	334,082	334,082	-	-	-	Not rated	
Equity securities	4,956,876	4,956,876	-	-	-	Not rated	
Total investments	<u>\$ 15,312,609</u>	<u>\$ 12,636,008</u>	<u>\$ 270,037</u>	<u>\$ 259,231</u>	<u>\$ 2,147,333</u>		

2023		Investment Maturities (in Years)				Ratings	
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	S&P	Moody's
Investments							
U.S. Treasury notes	\$ 3,098,440	\$ 2,966,878	\$ 131,562	\$ -	\$ -	(1)	(1)
Federal agency obligations	4,139,847	4,012,057	-	127,790	-	AA+/NA	Aaa/NA
Fixed income mutual fund	127,238	-	127,238	-	-	BBB-	Baa
Fixed income mutual fund	898,288	-	-	-	898,288	AA/NA	Aaa/Aa
Fixed income mutual fund	658,779	-	-	-	658,779	BBB/BBB-	Baa
Equity mutual funds	445,523	445,523	-	-	-	Not rated	
Equity securities	3,778,812	3,778,812	-	-	-	Not rated	
Total investments	<u>\$ 13,146,927</u>	<u>\$ 11,203,270</u>	<u>\$ 258,800</u>	<u>\$ 127,790</u>	<u>\$ 1,557,067</u>		

(1) Disclosure of credit risk is not required for this investment type.

Investment revenues and expenses from these investments is summarized as follows for the years ended March 31:

	2024	2023
Net change in fair value of investments	\$ 1,459,946	\$ 266,726
Interest and dividends	413,181	131,168
Investment fees	(81,196)	(32,158)
	<u>\$ 1,791,931</u>	<u>\$ 365,736</u>

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

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

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
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Notes to the Financial Statements
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Note 3 – Cash, Cash Equivalents, and Investments (Continued)

The Institute's investment policy provides that fixed income securities shall be limited to high-credit quality, short and intermediate duration bonds including obligations of the U.S. government or those explicitly guaranteed by the U.S. government that have little or no credit risk. These securities may include diversified commingled investment vehicles such as index funds or exchange-traded-funds ("ETFs").

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

The Institute's investment policy limits investments in fixed income securities high-credit quality, short and intermediate duration bonds (both U.S. and non-U.S., corporate and government, including government agencies and inflation-protected and non-inflation protected. As of March 31, 2024 and 2023, the Institute had \$8,001,514 and \$7,238,287, respectively, in obligations of the U.S. government and federal agencies.

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

The Institute's policy provides that investments in fixed income securities of a single security, issuer, or company may not exceed 10% of the overall portfolio. The Investment Manager has full responsibility for security selection and diversification subject to the guidelines of the Institute's policy. The policy also provides that the target asset allocation for the investment portfolio is \$1 million reserve in cash or cash equivalents, \$7 million in liquid low risk income producing instruments such as U.S. Treasury notes or federal agency bonds, and any remaining balance of the investment portfolio not to exceed a 60% equity allocation.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty, the Institute will not be able to recover the value of its cash and cash equivalents.

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

Foreign currency risk – Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. As of March 31, 2024 and 2023, the investment portfolio does not hold any foreign bonds. While foreign securities are held in an international equity account, they are held as American depository receipts ("ADR's") which are denominated in U.S. dollars and trade like U.S. domestic equities on U.S. domestic stock exchanges.

Under the Institute's investment policy, permissible investments include common stocks, including ADRs and foreign issues traded on U.S. exchanges, as well as securities convertible into common stocks, International Developed Markets and Emerging Market Equities including common and preferred stocks listed on established exchanges.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
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Notes to the Financial Statements
March 31, 2024 and 2023

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

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

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

2024

Asset Type	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 5,290,958	\$ 5,290,958	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	8,001,514	2,916,096	5,085,418	-
Other U.S. dollar denominated	2,020,137	-	2,020,137	-
Total assets in the fair value hierarchy	<u>\$ 15,312,609</u>	<u>\$ 8,207,054</u>	<u>\$ 7,105,555</u>	<u>\$ -</u>

2023

Asset Type	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 4,224,335	\$ 4,224,335	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	7,238,287	3,098,440	4,139,847	-
Other U.S. dollar denominated	1,684,305	-	1,684,305	-
Total assets in the fair value hierarchy	<u>\$ 13,146,927</u>	<u>\$ 7,322,775</u>	<u>\$ 5,824,152</u>	<u>\$ -</u>

Note 4 – Related-Party Transactions

St. Petersburg College

The Institute is related to the College by virtue of its primary purpose, which is to engage in activities for the promotion of educational and civic engagement and excellence through its operations for the benefit of the College, its students, and community. The President of the College, or his or her designee, serves on the Institute’s Board as an Ex-officio member. New board members recommended by the Institute’s steering committee must be approved by the President of the College prior to an official vote by the Institute’s Board.

During the year, the Institute transfers cash to the College for payment of operating expenses. As of March 31, 2024 and 2023, operating expenses paid by the College on behalf of the Institute exceed the cash received from the Institute in the amount of \$119,361 and \$143,544, respectively. The amount owed to the College is recorded as Due to St. Petersburg College as a current liability.

The College provides office space for the Institute without charge. Management estimates fair market value of the annual rent, including utilities, to be approximately \$7,800 and \$7,700 for the years ended March 31, 2024 and 2023, respectively.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

Note 5 – In-Kind Contributions

In-kind contributions are included in operating revenues within the statements of revenues, expenses, and change in net position. During the years ended March 31, 2024 and 2023, the Institute received in-kind donations from various local broadcast media and the College. Management estimates that the fair value of in-kind contributions are as follows for the years ended March 31:

	2024	2023
Operating contributions in-kind from the College	\$ 7,840	\$ 7,695
Other operating contribution	350	-
	<u>\$ 8,190</u>	<u>\$ 7,695</u>

Note 6 – Net Position Restricted - Expendable

Net position restricted - expendable consists of \$0 and \$247 as of March 31, 2024 and 2023, respectively. The funds are restricted to benefit planned programming related to autism.

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

	2024	2023
Restricted - expendable at beginning of year	\$ 247	\$ 36,628
Release of restrictions	(247)	(36,381)
Restricted - expendable at end of year	<u>\$ -</u>	<u>\$ 247</u>

Releases from donor restrictions were recognized because the Institute incurred expenses satisfying the restricted purposes.

Note 7 – Functional Distribution of Expenses

The operating expenses on the statements of revenues, expenses, and change in net position are presented in their natural classifications. Below are those same expenses presented in functional classifications. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. The operating expenses of the Institute are allocated to the following functional departments:

Program services – includes the costs associated with the operation of the Institute, events, and forums.

Administrative – includes the costs of operating the Institute's offices, including gathering, processing, and maintaining financial and legal information.

Fundraising – includes the costs associated with the direct solicitation of contributions and developing members of the Institute.

INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
March 31, 2024 and 2023

Note 7 – Functional Distribution of Expenses (Continued)

The functional classification of expenses is summarized as follows for the years ended March 31:

	2024	2023
Program services		
Advertising and marketing	\$ 12,000	\$ 11,567
Personnel services	147,788	143,994
Food and beverages	-	12
Contractual and professional services	22,313	24,821
Materials and supplies	1,982	2,610
Travel expense, net	34,779	83,798
Other expenses	5,987	2,550
Total program services	<u>224,849</u>	<u>269,352</u>
Administrative		
Personnel services	208,621	161,523
Contractual and professional services	25,561	26,603
Facilities and utilities	7,840	7,695
Food and beverages	-	27
Office supplies	-	385
Advertising and marketing	8,323	6,250
Materials and supplies	2,036	4,920
Travel expense	12	3,316
Other expenses	13,352	3,304
Total administrative	<u>265,745</u>	<u>214,023</u>
Fundraising		
Personnel services	38,271	48,161
Contractual and professional services	-	24,000
Other expenses	247	75
Total fundraising	<u>38,518</u>	<u>72,236</u>
Total expenses	<u>\$ 529,112</u>	<u>\$ 555,611</u>

Note 8 – Subsequent Events

The Institute has evaluated subsequent events through July 3, 2024, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date, that would require adjustment to, or disclosure in, the financial statements.



PRIDA GUIDA & PEREZ, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2504 W. Kathleen Street

Tampa, FL 33607

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

Board of Directors

Institute for Strategic Policy Solutions, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Institute for Strategic Policy Solutions, Inc. ("Institute"), a component unit of St. Petersburg College, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated July 3, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Institute'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.

A handwritten signature in dark ink, reading "Prida Guida Perez". The signature is fluid and cursive, with the first name "Prida" being the most prominent.

Prida Guida Perez P.A.
Tampa, Florida
July 3, 2024