

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT..... 1 and 2

FINANCIAL STATEMENTS

Statements of Financial Position 3

Statement of Activities, Year Ended September 30, 2020 4

Statement of Activities, Year Ended September 30, 2019 5

Statement of Functional Expenses, Year Ended September 30, 2020 6

Statement of Functional Expenses, Year Ended September 30, 2019 7

Statements of Cash Flows 8

Notes to Combined Financial Statements..... 9 - 23

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

***AUDITING STANDARDS*..... 24 and 25**



INDEPENDENT AUDITOR'S REPORT

Board of Directors

**State College of Florida Foundation, Inc.
Bradenton, Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of State College of Florida Foundation, Inc. (the "Foundation"), a direct support organization and component unit of State College of Florida, Manatee-Sarasota, which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2020 and 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, 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, 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 the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 29, 2020

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash | \$ 246,940 | \$ 319,147 |
| Accounts receivable | - | 6,000 |
| Investments | 64,573,511 | 62,172,926 |
| Pledges receivable, net | 96,169 | 96,169 |
| Prepaid expenses and other current assets | 54,608 | 56,774 |
| Beneficial interest in remainder trusts | 326,548 | 323,519 |
| Beneficial interest in perpetual trusts | 2,270,982 | 2,198,882 |
| TOTAL ASSETS | \$ 67,568,758 | \$ 65,173,417 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 13,756 | \$ 2,062 |
| Due to State College of Florida, Manatee-Sarasota | 35,574 | 46,002 |
| Deferred revenue | 98,164 | 74,271 |
| Annuities payable | 21,342 | 22,834 |
| Total Liabilities | 168,836 | 145,169 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | 2,826,411 | 8,124,701 |
| Designated by the Board for future projects | 8,268,241 | 2,231,495 |
| | 11,094,652 | 10,356,196 |
| With donor restrictions | | |
| Time or purpose | 44,097,325 | 42,536,207 |
| Perpetual | 12,207,945 | 12,135,845 |
| | 56,305,270 | 54,672,052 |
| TOTAL NET ASSETS | 67,399,922 | 65,028,248 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 67,568,758 | \$ 65,173,417 |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| REVENUES | | | |
| Investment income | \$ 315,538 | \$ 1,420,657 | \$ 1,736,195 |
| Net realized and unrealized gains | 311,651 | 1,705,401 | 2,017,052 |
| Special events | 726,848 | - | 726,848 |
| Grants | - | 45,307 | 45,307 |
| Other income | 1,000 | - | 1,000 |
| Total Revenues | <u>1,355,037</u> | <u>3,171,365</u> | <u>4,526,402</u> |
| SUPPORT | | | |
| Individuals, corporations, foundations, and others | <u>195,330</u> | <u>1,907,344</u> | <u>2,102,674</u> |
| Total Support | <u>195,330</u> | <u>1,907,344</u> | <u>2,102,674</u> |
| Net assets released from restriction | <u>3,520,620</u> | <u>(3,520,620)</u> | <u>-</u> |
| Total Revenues and Support | <u>5,070,987</u> | <u>1,558,089</u> | <u>6,629,076</u> |
| EXPENSES | | | |
| Program services | 3,576,651 | - | 3,576,651 |
| General and administrative | 426,090 | - | 426,090 |
| Fundraising | 328,581 | - | 328,581 |
| Total Expenses | <u>4,331,322</u> | <u>-</u> | <u>4,331,322</u> |
| Increase in net assets before change in value of annuities payable and value in beneficial interest in remainder and perpetual trusts | 739,665 | 1,558,089 | 2,297,754 |
| Change in value of annuities payable | (1,209) | - | (1,209) |
| Change in value in beneficial interest in remainder trusts | - | 3,029 | 3,029 |
| Change in value in beneficial interest in perpetual trusts | - | 72,100 | 72,100 |
| CHANGE IN NET ASSETS | <u>738,456</u> | <u>1,633,218</u> | <u>2,371,674</u> |
| Net assets, beginning of the year | <u>10,356,196</u> | <u>54,672,052</u> | <u>65,028,248</u> |
| Net assets, end of the year | <u>\$ 11,094,652</u> | <u>\$ 56,305,270</u> | <u>\$ 67,399,922</u> |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| REVENUES | | | |
| Investment income | \$ 526,046 | \$ 2,224,721 | \$ 2,750,767 |
| Net realized and unrealized losses | (306,451) | (1,180,460) | (1,486,911) |
| Special events | 744,609 | - | 744,609 |
| Grants | - | 203,345 | 203,345 |
| Total Revenues | 964,204 | 1,247,606 | 2,211,810 |
| SUPPORT | | | |
| Individuals, corporations, foundations, and others | 170,451 | 2,139,092 | 2,309,543 |
| Total Support | 170,451 | 2,139,092 | 2,309,543 |
| Net assets released from restriction | 2,822,923 | (2,822,923) | - |
| Total Revenues and Support | 3,957,578 | 563,775 | 4,521,353 |
| EXPENSES | | | |
| Program services | 3,084,588 | - | 3,084,588 |
| General and administrative | 393,328 | - | 393,328 |
| Fundraising | 327,502 | - | 327,502 |
| Total Expenses | 3,805,418 | - | 3,805,418 |
| Increase in net assets before change in value of annuities payable and value in beneficial interest in remainder and perpetual trusts | 152,160 | 563,775 | 715,935 |
| Change in value of annuities payable | (1,287) | - | (1,287) |
| Change in value in beneficial interest in remainder trusts | - | (14,435) | (14,435) |
| Change in value in beneficial interest in perpetual trusts | - | (53,031) | (53,031) |
| CHANGE IN NET ASSETS | 150,873 | 496,309 | 647,182 |
| Net assets, beginning of the year | 10,205,323 | 54,175,743 | 64,381,066 |
| Net assets, end of the year | \$ 10,356,196 | \$ 54,672,052 | \$ 65,028,248 |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Program Services | General and Administrative | Fundraising | Total |
|-------------------------------|---------------------|-------------------------------|-------------------|---------------------|
| Alumni/friends magazine | \$ - | \$ 13,979 | \$ - | \$ 13,979 |
| Alumni development | - | 110 | 20 | 130 |
| Annual fund | - | 123 | - | 123 |
| Audit and accounting | - | 17,250 | - | 17,250 |
| Bank charges | - | 6,053 | - | 6,053 |
| Community support | - | 52,188 | - | 52,188 |
| Contract services | - | - | 37,736 | 37,736 |
| Donor recognition | - | 2,223 | 1,816 | 4,039 |
| Enhancements | 1,722,281 | - | - | 1,722,281 |
| Facilities and catering | - | - | 43,034 | 43,034 |
| Institutional support | 49,767 | - | - | 49,767 |
| Insurance | - | 5,536 | - | 5,536 |
| Licenses and fees | - | 476 | - | 476 |
| Meetings | - | 4,857 | 339 | 5,196 |
| Miscellaneous | - | 1,655 | 3,600 | 5,255 |
| Personnel | 184,552 | 284,372 | 233,974 | 702,898 |
| Photography | - | - | 375 | 375 |
| Postage and mailing | - | 128 | - | 128 |
| Printing | - | 269 | 3,963 | 4,232 |
| Professional development | - | 7,617 | - | 7,617 |
| Rent/rental equipment | - | 20,107 | - | 20,107 |
| Scholarships | 1,580,281 | - | - | 1,580,281 |
| Software and office equipment | 39,770 | - | - | 39,770 |
| Supplies | - | 1,266 | 3,724 | 4,990 |
| Web page development | - | 7,881 | - | 7,881 |
| | <u>\$ 3,576,651</u> | <u>\$ 426,090</u> | <u>\$ 328,581</u> | <u>\$ 4,331,322</u> |
| Total expenses | <u>\$ 3,576,651</u> | <u>\$ 426,090</u> | <u>\$ 328,581</u> | <u>\$ 4,331,322</u> |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Program Services | General and Administrative | Fundraising | Total |
|-------------------------------|---------------------|-------------------------------|-------------------|---------------------|
| Alumni/friends magazine | \$ - | \$ 9,860 | \$ - | \$ 9,860 |
| Alumni development | - | 35 | 20 | 55 |
| Annual fund | - | 47 | - | 47 |
| Audit and accounting | - | 17,250 | - | 17,250 |
| Bank charges | - | 4,696 | - | 4,696 |
| Community support | - | 33,898 | 580 | 34,478 |
| Contract services | - | - | 78,427 | 78,427 |
| Donor recognition | - | 17,504 | 21 | 17,525 |
| Enhancements | 1,118,351 | - | - | 1,118,351 |
| Facilities and catering | - | - | 54,504 | 54,504 |
| Institutional support | 49,731 | - | - | 49,731 |
| Insurance | - | 5,469 | - | 5,469 |
| Licenses and fees | - | 469 | - | 469 |
| Meetings | - | 4,527 | 1,229 | 5,756 |
| Miscellaneous | - | 189 | 2,917 | 3,106 |
| Other professional fees | - | 2,145 | - | 2,145 |
| Personnel | 192,676 | 263,379 | 177,890 | 633,945 |
| Photography | - | - | 225 | 225 |
| Postage and mailing | - | 68 | - | 68 |
| Printing | - | 1,829 | 5,008 | 6,837 |
| Professional development | - | 5,998 | - | 5,998 |
| Rent/rental equipment | - | 20,026 | 2,542 | 22,568 |
| Scholarships | 1,686,954 | - | - | 1,686,954 |
| Software and office equipment | 36,876 | - | - | 36,876 |
| Supplies | - | 4,289 | 4,014 | 8,303 |
| Web page development | - | 1,650 | 125 | 1,775 |
| Total expenses | \$ 3,084,588 | \$ 393,328 | \$ 327,502 | \$ 3,805,418 |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 2,371,674 | \$ 647,182 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Net realized and unrealized (gains) losses on investments | (2,017,052) | 1,486,911 |
| Change in value of annuities payable | 1,209 | 1,287 |
| Change in value in beneficial interest in remainder trusts | (3,029) | 14,435 |
| Change in value in beneficial interest in perpetual trusts | (72,100) | 53,031 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 6,000 | (6,000) |
| Prepaid expenses and other current assets | 2,166 | (14,590) |
| Accounts payable and accrued expenses | 11,694 | (83,359) |
| Due to State College of Florida, Manatee-Sarasota | (10,428) | (71,345) |
| Deferred revenue | 23,893 | (23,059) |
| Net cash provided by operating activities | 314,027 | 2,004,493 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (12,974,222) | (10,387,234) |
| Sale of investments | 12,590,689 | 7,938,249 |
| Net cash (used in) investing activities | (383,533) | (2,448,985) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on annuity agreements | (2,701) | (2,700) |
| Net cash (used in) financing activities | (2,701) | (2,700) |
| Net change in cash | (72,207) | (447,192) |
| Cash, beginning of year | 319,147 | 766,339 |
| Cash, end of year | \$ 246,940 | \$ 319,147 |

See Notes to Financial Statements.

STATE COLLEGE OF FLORIDA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020 AND 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State College of Florida Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized in 1978 under the laws of the State of Florida. The Foundation operates exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. The Foundation's mission is to provide aid in the form of money and other forms of property and services to the State College of Florida, Manatee-Sarasota (the "College"). The Foundation also promotes education and encourages learning and dissemination of information about which the College is involved.

Basis of Accounting and Presentation

The Foundation follows the reporting requirements for not-for-profit organizations under generally accepted accounting principles in the United States of America. Under such principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers amounts on hand, in checking accounts and money market accounts as cash unless held for the purpose of reinvestment.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities. Investment income includes interest and dividend income, net of fees, and is included in the statement of activities separate from gains and losses. Investment fees were \$330,060 and \$320,553 for the years ended September 30, 2020 and 2019, respectively.

Pledges Receivable

Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. Management has deemed all pledges as collectible, therefore no allowance is necessary.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Beneficial Interest in Remainder and Perpetual Trusts

The Foundation has received several donations made directly to third parties which are held either for a certain period of time or in perpetuity for the Foundation's benefit. Annual earnings are provided to the Foundation which may be purpose restricted by the donor. The assets of the trusts are invested in a combination of cash equivalents and marketable debt and equity securities with readily determinable fair values. The Foundation's percentage interest of each trust is reported at their fair values in the statement of financial position. The change in value of these trusts is reported as changes in value in beneficial interest in remainder, or perpetual, trusts and are included in the statement of activities.

Deferred Revenue

Contributions, fees and other revenue sources collected in advance of special events that are held subsequent to year-end are deferred and recognized in the year of the function.

Annuity Liabilities

The Foundation has been named remainderman in an irrevocable charitable gift annuity. An annuity liability has been recorded at the present value of expected future cash flows to be paid to the annuity beneficiary at a discount rate of 5.4%.

Contributions

Contributions received are recorded as net assets without or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Revenue from special events is recognized when the event takes place.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Support from the College

The Foundation recognizes support from the College which creates or enhances non-financial assets or that requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Bequests and Trusts

The proceeds of bequests and trusts are recorded as revenue when clear title is established and the proceeds are clearly measurable.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets

Net assets, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time, the Board designates certain recurring and/or non-recurring items for use on specific future projects. For the years ended September 30, 2020 and 2019, the Board has designated \$8,268,241 and \$2,231,495, respectively, of net assets for future projects and capital needs.

Net Assets With Donor Restrictions – Net Assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Tax Status

The Foundation is generally exempt from federal income and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Foundation is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax exempt purpose of the Foundation over the related expenses.

The Foundation follows Accounting Standard Codification 740 related to accounting for uncertainty in income taxes. This provision requires all tax positions that meet a more-likely-than-not recognition threshold at the effective date are recognized (or continue to be recognized) upon adoption. Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Foundation's financial statements.

The Foundation files their income tax returns in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued and Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASU's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or contributions.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Recently Issued and Adopted Accounting Pronouncements (Continued)

The Foundation adopted the new guidance in ASU No. 2014-09 and ASU No. 2018-08 as of October 1, 2019, without any changes to the way revenue is recognized.

Subsequent Events

The Foundation has evaluated all subsequent events through December 29, 2020, the date the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Foundation's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for events and contributions. The Foundation manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions, grants, and other sources to cover operating expenditures not covered by donor-restricted resources, regular analysis of actual operating results versus budget, timing of annual endowment transfers.

The Foundation's endowment investment policy employs the following principals: preservation of capital, risk aversion, adherence to investment discipline, and maintenance of sufficient liquidity to meet its cash needs.

The following tables reflect the Foundation's total financial assets as of September 30, 2020 and 2019, and the amounts of those financial assets that could be made available within 12 months to meet operating expenditures:

| | | |
|---|-----------------------------|-----------------------------|
| Financial assets at year-end | 2020 | 2019 |
| Cash and cash equivalents | <u>\$ 246,940</u> | <u>\$ 319,147</u> |
| Accounts receivable | - | 6,000 |
| Investments | <u>64,573,511</u> | <u>62,172,926</u> |
| Total financial assets at year-end | <u><u>\$ 64,820,451</u></u> | <u><u>\$ 62,498,073</u></u> |
| Financial assets available to meet operating expenditures over the next 12 months | | |
| Cash and equivalents | <u>\$ 246,940</u> | \$ 319,147 |
| Accounts receivable | - | 6,000 |
| Payout on donor-restricted endowments for use over next 12 months | <u>1,628,895</u> | 1,621,656 |
| Investments not encumbered by donor or Board restrictions | - | 5,269,379 |
| Financial assets available to meet operating expenditures | <u><u>\$ 1,875,835</u></u> | <u><u>\$ 7,216,182</u></u> |

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3. INVESTMENTS

The Foundation engaged the services of a nationally recognized financial advisor (SEI Investments, Inc.) which specializes in asset management for not-for-profits. Investments are stated at fair value and are comprised of the following as of September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---------------------------|----------------------|----------------------|
| U.S. equities | \$ 22,368,163 | \$ 20,878,842 |
| Alternative investments | 11,729,691 | 11,959,723 |
| Fixed income | 14,342,477 | 14,785,241 |
| International | 15,846,928 | 14,128,556 |
| Cash and cash equivalents | <u>286,252</u> | <u>420,564</u> |
| Total | <u>\$ 64,573,511</u> | <u>\$ 62,172,926</u> |

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. Pledges which are due in excess of one year are discounted to net present value using a discount rate of 4%. Pledges receivable are due to be collected as follows as of September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|------------------|------------------|
| Gross amounts due in | | |
| One year | \$ - | \$ - |
| One to five years | - | - |
| More than five years | <u>100,000</u> | 100,000 |
| Total gross pledges | <u>100,000</u> | 100,000 |
| Less allowance | (3,831) | (3,831) |
| Less discount to present value | <u>-</u> | <u>-</u> |
| Total | <u>\$ 96,169</u> | <u>\$ 96,169</u> |

The Foundation has an outstanding conditional promise to give in the amount of \$25,000 that has not been recorded on the statements of financial position because the conditions have not been met as of September 30, 2020.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 5. BENEFICIAL INTEREST IN REMAINDER TRUSTS

Donors have established funds in trust with specified distributions to be made to the Foundation over the trust's term. Upon termination of the trust, the Foundation will receive the remaining assets within the trust, or a percentage of these assets if there are multiple beneficiaries. Beneficial interest in remainder trusts, recorded at fair market value are as follows as of September 30, 2020 and 2019:

| | 2020 | 2019 |
|---|--------------------------|--------------------------|
| The Foundation is one of four beneficiaries of a trust and will collect 25% of principal in the year 2023. The trust currently pays quarterly distributions of income to the Foundation. | \$ 197,015 | \$ 187,270 |
| Upon death of the income beneficiary, the Foundation will receive 50% of the remaining principal of a trust which is donor restricted for nursing scholarships. The trust currently pays distributions of income to the Foundation. | 52,670 | 51,974 |
| Upon death of the income beneficiary, the Foundation will receive 100% of the remaining principal of a trust which is donor restricted for transfer student scholarships. | 76,863 | 84,275 |
| Total beneficial interest in remainder trusts | <u>\$ 326,548</u> | <u>\$ 323,519</u> |

NOTE 6. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Donors have established funds in trust in which the principal is held in perpetuity. Each fund has established its own percentages of principal being held for the benefit of the Foundation. Earning distributions are made to the Foundation as established within the trust agreement. Beneficial interest in perpetual trusts recorded at fair market value, are as follows as of September 30, 2020 and 2019:

| | 2020 | 2019 |
|--|----------------------------|----------------------------|
| The Foundation receives annual income restricted for scholarships as part of a perpetual trust. | \$ 325,925 | \$ 322,709 |
| The Foundation is paid 25% of the residuary amount of a perpetual trust that is restricted for music scholarships and equipment. | 607,205 | 563,785 |
| The Foundation is paid 10% of 70% of a perpetual trust assets which is restricted for the arts and library departments. | 96,250 | 91,834 |
| The Foundation is paid an annual income from a perpetual trust that is without restriction. | 37,599 | 35,974 |
| The Foundation is paid an annual income of a perpetual trust that is restricted for enhancements. | 1,204,003 | 1,184,580 |
| | <u>\$ 2,270,982</u> | <u>\$ 2,198,882</u> |

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 7. RELATIONSHIP WITH THE COLLEGE

The Foundation recognizes certain support received directly from the College. The fair market values of these donations have been reflected as both unrestricted contributions or special events and program services expense in the statement of activities as follows at September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Donated salaries and contract services | \$ 480,813 | \$ 437,457 |
| Donated office space | <u>20,000</u> | <u>20,000</u> |
| | <u>\$ 500,813</u> | <u>\$ 457,457</u> |

The Foundation made contributions and payments for services to the College for the following purposes at September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|---------------------|---------------------|
| Scholarships | \$ 1,517,156 | \$ 1,659,792 |
| Enhancements | 1,473,342 | 430,929 |
| Salaries, contract services and other | <u>259,097</u> | <u>272,671</u> |
| | <u>\$ 3,249,595</u> | <u>\$ 2,363,392</u> |

Of the amounts above, the Foundation had an outstanding balance payable to the College of \$35,574 and \$46,002, at September 30, 2020 and 2019, respectively.

The above related party transactions are not necessarily indicative of the terms and amounts that would have been incurred had a comparable transaction been entered into with independent parties.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|----------------------|----------------------|
| Undesignated scholarships | \$ 15,362,487 | 14,639,095 |
| AA/College transfers | 6,163,776 | 5,836,695 |
| Instructional equipment | 5,184,590 | 4,927,141 |
| Nursing | 4,395,948 | 4,139,244 |
| High school seniors and articulation | 2,781,747 | 2,615,742 |
| Public services | 2,713,605 | 2,589,949 |
| Other purposes | 2,436,997 | 3,465,860 |
| Health sciences | 1,337,889 | 1,170,562 |
| Arts | 780,342 | 707,204 |
| Minority students | 650,938 | 645,672 |
| Loan programs | 493,661 | 474,953 |
| Awards | 317,785 | 303,577 |
| General memorials | 307,488 | 288,238 |
| Library | 154,894 | 80,165 |
| Cultural | 425,029 | - |
| Scholarship fund | 220,590 | 266,701 |
| Athletics | 185,642 | 209,924 |
| Business and communication | 183,917 | 175,485 |
| | <u>\$ 44,097,325</u> | <u>\$ 42,536,207</u> |

Net assets perpetual in nature as of September 30, 2020 and 2019, consist of:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|----------------------|----------------------|
| Undesignated scholarships | \$ 2,351,422 | 2,351,422 |
| AA/College transfers | 2,047,017 | 2,043,802 |
| Health sciences | 1,925,000 | 1,925,000 |
| Nursing | 1,908,790 | 1,908,790 |
| Instructional equipment | 1,526,741 | 1,507,318 |
| High school seniors and articulation | 1,250,288 | 1,250,288 |
| Fine and performing arts | 685,559 | 642,139 |
| Other purposes | 218,396 | 212,354 |
| Public services | 150,000 | 150,000 |
| Minority students | 144,732 | 144,732 |
| | <u>\$ 12,207,945</u> | <u>\$ 12,135,845</u> |

Net assets released from restrictions due to satisfaction of purpose and/or time restrictions were \$3,520,620 and \$2,822,923 for the years ended September 30, 2020 and 2019, respectively.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at a financial institution located in Bradenton, Florida. Accounts at this financial institution are secured by the Federal Deposit Insurance Corporation (FDIC), currently up to \$250,000 per customer. The balances of these accounts at times may exceed federally insured limits. At September 30, 2020, the Foundation exceeded the insured limit by approximately \$170,133.

Investments consist primarily of financial instruments including cash, cash equivalents, equity and fixed income securities, international securities, and alternative investments. These financial instruments may subject the Foundation to concentrations of credit risk, as, from time to time, balances may exceed amounts insured by the FDIC or the Securities Investor Protection Corporation (SIPC), the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

NOTE 10. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing an asset or liability) as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Significant inputs to the valuation model are unobservable.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

The following assets are required to be measured at fair market value on a recurring basis and the classification within the hierarchy as of September 30, 2020 and 2019, is as follows:

| | Level 1 | Level 2 | Level 3 | Total at September 30, 2020 |
|---|----------------------|-------------|----------------------|-----------------------------------|
| Investments | | | | |
| U.S. equities | \$ 22,368,163 | \$ - | \$ - | \$ 22,368,163 |
| Alternative investments | - | - | 11,729,691 | 11,729,691 |
| Fixed income | 14,342,477 | - | - | 14,342,477 |
| International | 15,846,928 | - | - | 15,846,928 |
| Cash and cash equivalents | 286,252 | - | - | 286,252 |
| Total investments | <u>52,843,820</u> | - | <u>11,729,691</u> | <u>64,573,511</u> |
| Beneficial interest in remainder trusts | 324,507 | - | 2,042 | 326,548 |
| Beneficial interest in perpetual trusts | <u>2,131,402</u> | - | <u>139,580</u> | <u>2,270,982</u> |
| | <u>\$ 55,299,729</u> | <u>\$ -</u> | <u>\$ 11,871,313</u> | <u>\$ 67,171,041</u> |
| | | | | Total at September 30, 2019 |
| Investments | | | | |
| U.S. equities | \$ 20,878,842 | \$ - | \$ - | \$ 20,878,842 |
| Alternative investments | - | - | 11,959,723 | 11,959,723 |
| Fixed income | 14,785,241 | - | - | 14,785,241 |
| International | 14,128,556 | - | - | 14,128,556 |
| Cash and cash equivalents | 420,564 | - | - | 420,564 |
| Total investments | <u>50,213,203</u> | - | <u>11,959,723</u> | <u>62,172,926</u> |
| Beneficial interest in remainder trusts | 319,793 | - | 3,726 | 323,519 |
| Beneficial interest in perpetual trusts | <u>2,013,167</u> | - | <u>185,715</u> | <u>2,198,882</u> |
| | <u>\$ 52,546,163</u> | <u>\$ -</u> | <u>\$ 12,149,164</u> | <u>\$ 64,695,327</u> |

The fair value of the Foundation's Level 1 financial assets is based on quoted market prices of the identical security. The Foundation's Level 3 financial assets consist of an alternative investment in the SEI Offshore Opportunity Fund II, Ltd., SEI Core Property Fund LP, SEI Special Situations Fund, Ltd., and SEI Structured Credit Fund. The value of the Level 3 investments and assets is based on unobservable inputs (assumptions that market participants would use in pricing an asset) that reflect assumptions based on the best information available. As of September 30, 2020 and 2019, the Foundation did not have any liabilities measured at fair value.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value as at September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Fair value, beginning of year | \$ 12,149,164 | 11,211,800 |
| Net realized and unrealized gains | (279,671) | 953,086 |
| Change in value of split-interest agreements | <u>1,820</u> | <u>(15,722)</u> |
| Fair value, end of year | <u>\$ 11,871,313</u> | <u>\$ 12,149,164</u> |

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

NOTE 11. ENDOWMENTS

The Foundation holds various endowments which are either donor restricted or board designated. The Board of Trustees of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation;
7. The investment policies of the Foundation.

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 11. ENDOWMENTS (CONTINUED)

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns, and protect the Foundation against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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 FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2020.

The endowment net asset composition is as follows:

| | Without Donor Restrictions | With Donor Restrictions Time & Purpose | With Donor Restrictions Perpetuity | Total at September 30, 2020 |
|----------------------------------|-------------------------------|---|---------------------------------------|-----------------------------------|
| Donor-restricted endowment funds | \$ - | \$ 34,104,662 | \$ 12,207,945 | \$ 46,312,607 |
| | | | | |
| | Without Donor Restrictions | With Donor Restrictions Time & Purpose | With Donor Restrictions Perpetuity | Total at September 30, 2019 |
| Donor-restricted endowment funds | \$ - | \$ 32,387,675 | \$ 12,135,845 | \$ 44,523,520 |

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 11. ENDOWMENTS (CONTINUED)

The changes in the Foundation's endowment net assets are as follows:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|--|-------------------------------|-------------------------|---------------|---------------|
| | | Time & Purpose | Perpetuity | |
| Endowment net assets, September 30, 2018 | \$ - | \$ 32,466,302 | \$ 12,188,876 | \$ 44,655,178 |
| Investment return | | | | |
| Investment income | - | 2,013,505 | - | 2,013,505 |
| Net appreciation (realized and unrealized) | - | (1,046,904) | - | (1,046,904) |
| Total investment return | - | 966,601 | - | 966,601 |
| Contributions | - | 159,555 | - | 159,555 |
| Misc revenue | - | - | - | - |
| Change in value of split interest agreements | - | (14,435) | (53,031) | (67,466) |
| Transfers | 1,249,036 | (1,221,757) | - | 27,279 |
| Reclassification | - | 31,409 | - | 31,409 |
| Amounts appropriated for expenditure | (1,249,036) | - | - | (1,249,036) |
| Endowment net assets, September 30, 2019 | - | 32,387,675 | 12,135,845 | 44,523,520 |
| Investment return | | | | |
| Investment income | - | 1,231,283 | - | 1,231,283 |
| Net appreciation (realized and unrealized) | - | 1,557,882 | - | 1,557,882 |
| Total investment return | - | 2,789,165 | - | 2,789,165 |
| Contributions | - | 93,166 | - | 93,166 |
| Change in value of split interest agreements | - | 3,029 | 72,100 | 75,129 |
| Transfers | 1,249,036 | (1,168,373) | - | 80,663 |
| Amounts appropriated for expenditure | (1,249,036) | - | - | (1,249,036) |
| Endowment net assets, September 30, 2020 | \$ - | \$ 34,104,662 | \$ 12,207,945 | \$ 46,312,607 |

**STATE COLLEGE OF FLORIDA
FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 12. COMMITMENTS AND CONTINGENCIES

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Foundation, to date, the Foundation has seen a decrease in revenue. As the economy continues to open throughout its geographic region, management anticipates revenue to return to normal levels.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, adversely impacted in the near-term as a result of these conditions, including collectability of receivables. The ultimate impact of the pandemic on the Foundation's results of operations, financial position, and liquidity or capital resources cannot be reasonably estimated at this time.

OTHER INDEPENDENT AUDITOR'S REPORT



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

**Board of Directors
State College of Florida Foundation, Inc.
Bradenton, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of State College of Florida Foundation, Inc. (the "Foundation"), a direct support organization and component unit of State College of Florida, Manatee-Sarasota, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2020.

Internal Control Over Financial Reporting

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

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
December 29, 2020