









































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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 6. RELATIONSHIP WITH THE COLLEGE (CONTINUED)**

The Foundation made contributions and payments for services to the College for the following purposes at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 1,960,930	\$ 1,700,784
Enhancements	375,377	1,538,527
Salaries, contract services and other	303,469	249,885
	<u>\$ 2,639,776</u>	<u>\$ 3,489,196</u>

Of the amounts above, the Foundation had an outstanding balance payable to the College of \$1,112,172 and \$1,146,566, at September 30, 2023 and 2022, 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.

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

Net assets with donor restrictions that are time or purpose restricted are restricted for the following purposes as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated scholarships	\$ 19,691,047	\$ 16,857,552
AA/College transfers	7,130,614	7,040,032
Instructional equipment	6,512,350	5,795,457
Nursing	6,727,946	5,261,176
High school seniors and articulation	3,518,375	3,008,397
Public services	3,253,836	2,929,519
Other purposes	1,561,953	1,630,491
Health sciences	1,671,537	1,219,544
Arts	911,065	810,241
Minority students	765,910	709,983
Loan programs	562,798	527,507
Awards	395,986	352,164
General memorials	468,472	440,133
Library	183,495	167,545
Cultural	443,976	443,977
Business and communication	245,195	222,541
	<u>\$ 54,044,555</u>	<u>\$ 47,416,259</u>

**STATE COLLEGE OF FLORIDA  
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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets perpetual in nature as of September 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Undesignated scholarships	\$ 2,351,422	\$ 2,351,422
AA/College transfers	2,109,684	2,109,684
Health sciences	1,925,000	1,925,000
Nursing	1,908,790	1,908,790
Instructional equipment	1,397,591	1,339,850
High school seniors and articulation	1,250,288	1,250,288
Fine and performing arts	678,439	657,749
Other purposes	128,967	124,265
Public services	150,000	150,000
Minority students	144,732	144,732
	<u>\$ 12,044,913</u>	<u>\$ 11,961,780</u>

All net assets with donor restrictions are included with investments on the accompanying statements of financial position. Net assets released from restrictions due to satisfaction of purpose or time restrictions were \$4,092,932 and \$6,752,995 for the years ended September 30, 2023 and 2022, respectively.

**NOTE 8. 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, 2023, the Foundation exceeded the insured limit by approximately \$1,445,682.

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.

**STATE COLLEGE OF FLORIDA  
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**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 9. 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.

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, 2023 and 2022, is as follows:

	Level 1	Level 2	Level 3	Total at September 30, 2023
<b>Investments</b>				
U.S. equities	\$ 23,988,023	\$ -	\$ -	\$ 23,988,023
Alternative investments	-	-	20,423,637	20,423,637
Fixed income	14,398,984	-	-	14,398,984
International	16,075,567	-	-	16,075,567
Cash and cash equivalents	493,353	-	-	493,353
<b>Total investments</b>	<b>54,955,927</b>	<b>-</b>	<b>20,423,637</b>	<b>75,379,564</b>
Beneficial interest in remainder trusts	-	-	-	-
Beneficial interest in perpetual trusts	1,690,607	-	116,461	1,807,068
	<b>\$ 56,646,534</b>	<b>\$ -</b>	<b>\$ 20,540,098</b>	<b>\$ 77,186,632</b>

	Level 1	Level 2	Level 3	Total at September 30, 2022
<b>Investments</b>				
U.S. equities	\$ 20,957,784	\$ -	\$ -	\$ 20,957,784
Alternative investments	-	-	20,136,117	20,136,117
Fixed income	13,838,637	-	-	13,838,637
International	13,021,981	-	-	13,021,981
Cash and cash equivalents	250,952	-	-	250,952
<b>Total investments</b>	<b>48,069,354</b>	<b>-</b>	<b>20,136,117</b>	<b>68,205,471</b>
Beneficial interest in remainder trusts	231,975	-	-	231,975
Beneficial interest in perpetual trusts	1,615,505	-	108,430	1,723,935
	<b>\$ 49,916,834</b>	<b>\$ -</b>	<b>\$ 20,244,547</b>	<b>\$ 70,161,381</b>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 9. FAIR VALUE MEASUREMENTS (CONTINUED)**

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 Core Property Fund LP, SEI Global Private Assets V LP, SEI Gpa III Private Equity Fund, SEI Gpa IV Private Equity Fund, SEI Special Situations Fund, Ltd., SEI Structured Credit Fund, and SEI Vista Fund, Ltd. 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, 2023 and 2022, the Foundation did not have any liabilities measured at fair value.

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value as at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fair value, beginning of year	\$ 20,244,547	\$ 15,106,399
Net realized and unrealized gains	212,418	5,207,152
Change in value of split-interest agreements	<u>83,133</u>	<u>(69,004)</u>
Fair value, end of year	<u>\$ 20,540,098</u>	<u>\$ 20,244,547</u>

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

**NOTE 10. 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 net assets with donor restrictions perpetual: (a) the original value of the gift donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 net assets with donor restrictions perpetual is classified as net assets with donor restrictions time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 10. ENDOWMENTS (CONTINUED)**

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.

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, 2023.

The endowment net asset composition is as follows:

	Without Donor Restrictions	With Donor Restrictions Time & Purpose	With Donor Restrictions Perpetuity	Total at September 30, 2023
Donor-restricted endowment funds	<u>\$ 9,296,840</u>	<u>\$ 52,179,511</u>	<u>\$ 12,044,913</u>	<u>\$ 73,521,264</u>
	Without Donor Restrictions	With Donor Restrictions Time & Purpose	With Donor Restrictions Perpetuity	Total at September 30, 2022
Donor-restricted endowment funds	<u>\$ 9,252,948</u>	<u>\$ 45,182,012</u>	<u>\$ 11,961,780</u>	<u>\$ 66,396,740</u>

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

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 10. 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, 2021	\$ 6,010,861	\$ 55,395,360	\$ 12,559,120	\$ 73,965,341
Investment return				
Investment income	173,399	7,263,274	-	7,436,673
Net appreciation (depreciation) (realized and unrealized)	370,764	(16,308,152)	(87,708)	(16,025,096)
Total investment return	544,163	(9,044,878)	(87,708)	(8,588,423)
Contributions	98,674	368,700	-	467,374
Miscellaneous revenue	88,480	2,500	-	90,980
Change in value of split interest agreements	-	(26,085)	(509,632)	(535,717)
Transfers	3,933,257	(1,513,585)	-	2,419,672
Amounts appropriated for expenditure	(1,422,487)	-	-	(1,422,487)
Endowment net assets, September 30, 2022	9,252,948	45,182,012	11,961,780	66,396,740
Investment return				
Investment income	22,785	3,424,266	-	3,447,051
Net appreciation (realized and unrealized)	2,984	4,187,843	-	4,190,827
Total investment return	25,769	7,612,109	-	7,637,878
Contributions	34,214	397,952	-	432,166
Miscellaneous revenue	677,740	-	-	677,740
Change in value of split interest agreements	-	8,720	83,133	91,853
Transfers	1,026,132	(1,021,282)	-	4,850
Amounts appropriated for expenditure	(1,719,963)	-	-	(1,719,963)
Endowment net assets, September 30, 2023	<u>\$ 9,296,840</u>	<u>\$ 52,179,511</u>	<u>\$ 12,044,913</u>	<u>\$ 73,521,264</u>



**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**

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**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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December XX, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

### **The Foundation's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

Bradenton, Florida  
December XX, 2023