



November 15, 2021

**M E M O R A N D U M**

**TO:** Jim Murdaugh, Ph.D.  
President

**FROM:** Barbara Wills, Ph.D.  
Vice President for Administrative Services and Chief Business Officer

**SUBJECT:** Direct Support Organization Audit Reports

---

**Item Description**

This item presents the most recent financial audit reports of the direct support organizations (DSO) affiliated with the College for the Board's review.

**Overview and Background**

Per Florida Statutes 1004.70(6), the College's DSOs must be audited annually and the results be submitted to the Board for review. For the fiscal year ending March 31, 2021, audits were completed for both the Public Safety Academy Housing, Inc. and the Tallahassee Community College Foundation, Inc.

**Funding/ Financial Implications**

No funding requirements.

**Past Actions by the Board**

The Board last reviewed the audited financial statements for these DSOs at the October 26, 2020 meeting.

**Recommended Action**

For information only.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**Havana, Florida**

**FINANCIAL STATEMENTS**

**Years Ended March 31, 2021 and 2020**

## CONTENTS

INDEPENDENT AUDITORS' REPORT .....	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities and Change in Net Assets.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 10
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	11 - 12

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**

THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

HAROLD A. BROCK, JR., C.P.A.  
FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.  
KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Public Safety Academy Housing, Inc.  
Havana, Florida

We have audited the accompanying financial statements of Public Safety Academy Housing, Inc. (a Florida non-profit organization) which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and changes in net assets 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.

**Auditors' 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 of 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 auditors' 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 evaluation of 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 Public Safety Academy Housing, Inc. as of March 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2021, on our consideration of Public Safety Academy Housing, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Page 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiring with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Tallahassee, Florida  
October 11, 2021

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**Management's Discussion and Analysis**

The discussion and analysis of Public Safety Academy Housing, Inc.'s financial statements provides an overview of the financial activities for the year ended March 31, 2021. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains activities of the Public Safety Academy Housing Inc. for fiscal years 2021 and 2020.

Public Safety Academy Housing, Inc. was incorporated on February 26, 2003, as a direct support organization of Tallahassee Community College for the purpose of financing and constructing a housing facility at the College's Florida Public Safety Institute. The housing facility was financed by a \$9 million mortgage note and was completed on January 4, 2006. Upon completion, Public Safety Academy Housing, Inc. executed an agreement with the College whereby the College leases the housing facility from Public Safety Academy Housing, Inc. and is responsible for operating and maintaining the facility. During the fiscal year ended March 31, 2015, the Organization refinanced its original mortgage rate and borrowed an additional \$575,000 in a separate mortgage note payable to renovate and refurbish the dormitory. All revenues generated by the facility are retained by the College. In exchange, Public Safety Academy Housing, Inc. receives a monthly lease payments totaling \$766,719 for the fiscal year ending March 31, 2021, for its mortgage payments and operating expenses.

By design, Public Safety Academy Housing, Inc. was limited in its establishment to obtaining the financing and constructing the housing facility, with all post completion activities to be the responsibility of the College. Accordingly, 2021 financial activities consist of monthly lease receipts, mortgage payments, and the recognition of certain costs (depreciation) incurred during prior years but recognized as current year expenses. The nature of Public Safety Academy Housing, Inc.'s future activities can be expected to remain consistent with those of the 2021 fiscal year.

See independent auditors' report.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ <u>15,698</u>	\$ <u>5,838</u>
TOTAL CURRENT ASSETS	15,698	5,838
PROPERTY AND EQUIPMENT, Net	<u>5,191,233</u>	<u>5,436,642</u>
	\$ <u><u>5,206,931</u></u>	\$ <u><u>5,442,480</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Current portion of mortgage notes payable	\$ <u>605,079</u>	\$ <u>598,881</u>
TOTAL CURRENT LIABILITIES	605,079	598,881
LONG-TERM LIABILITIES		
Mortgage notes payable	<u>2,268,703</u>	<u>2,930,062</u>
TOTAL LIABILITIES	2,873,782	3,528,943
NET ASSETS		
Invested in capital assets, net of related debt	2,317,451	1,907,699
Unrestricted	<u>15,698</u>	<u>5,838</u>
	<u>2,333,149</u>	<u>1,913,537</u>
	\$ <u><u>5,206,931</u></u>	\$ <u><u>5,442,480</u></u>

See accompanying notes.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Years Ended March 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE		
Lease income	\$ 766,719	\$ 751,250
OPERATING EXPENSES		
Depreciation	245,409	253,450
Contractual services	<u>7,313</u>	<u>7,221</u>
	<u>252,722</u>	<u>260,671</u>
OPERATING INCOME	513,997	490,579
NONOPERATING EXPENSE		
Interest expense	<u>94,385</u>	<u>124,567</u>
CHANGES IN NET ASSETS	419,612	366,012
BEGINNING NET ASSETS	<u>1,913,537</u>	<u>1,547,525</u>
ENDING NET ASSETS	\$ <u><u>2,333,149</u></u>	\$ <u><u>1,913,537</u></u>

See accompanying notes.



**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Rents and fees collected	\$ 766,719	\$ 751,250
Payments to vendors	( 7,313)	( 7,221)
Payments for interest expense	( 94,385)	( 124,567)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>665,021</b>	<b>619,462</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	( 655,161)	( 625,339)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>( 655,161)</b>	<b>( 625,339)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>9,860</b>	<b>( 5,877)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u>5,838</u>	<u>11,715</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 15,698</u>	<u>\$ 5,838</u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 419,612	\$ 366,012
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<u>245,409</u>	<u>253,450</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 665,021</u>	<u>\$ 619,462</u>

See accompanying notes.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Formation and Nature of Business** - Public Safety Academy Housing, Inc. (the “Organization”) was incorporated on February 26, 2003 as a direct support organization of Tallahassee Community College (the “College”), within the meaning of Section 240.331, Florida Statutes, or any successor provision. The Organization was formed, among other purposes, to make available housing to participants in programs affiliated with the Florida Public Safety Institute. At the direction of the Board of Trustees of Tallahassee Community College, income derived by the Organization, subject to the assignment of revenue and other amounts derived from the operation of the facility, may be transferred to the Tallahassee Community College. The Organization is a component unit of Tallahassee Community College and is included in the College’s annual report.

A summary of significant accounting policies follows.

**Basis of Accounting** - The Organization follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recognized when incurred.

**Property and Equipment** - Cost directly associated with the construction of the housing complex, including interest incurred from financing during the construction period is capitalized to the cost of the building, and depreciation is provided over the building’s estimated life of thirty-nine (39) years on a straight line basis.

Furniture and equipment with a value of or costing over \$500 is recorded at cost and depreciated over its estimated useful life of five (5) to seven (7) years on a straight line basis.

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

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

**Cash Equivalents** - For purposes of the statement of cash flows, all highly liquid instruments with a maturity of three (3) months or less are considered to be cash equivalents.

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

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Election to Apply FASB Accounting Standards Codification** - The Organization has elected to apply all FASB Accounting Standards Codification, except for those that conflict with GASB pronouncements, as permitted by GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements.”

**Subsequent Events** - Management has performed an analysis of the activities and transactions subsequent to March 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2021. Management has performed their analysis through the date of this report.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

On May 21, 2004, the College entered into a long-term lease to rent ten (10) acres of land to the Organization in order to build the housing complex. Terms of the lease grants the Organization the use of the land for a ninety-nine (99) year term at less than fair market value rates of \$1 each year, paid in advance.

In November 2005, the Organization executed an agreement with the College to operate the housing complex. Terms of the agreement include monthly lease revenue that varied between \$55,000 and \$67,404 for the fiscal year, with automatic annual lease renewals unless thirty (30) day prior notice of cancellation is given by either party. Total lease income earned amounted to \$766,719 and \$751,250 for the years ended March 31, 2021 and 2020, respectively.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment as of March 31, 2021 and 2020, is summarized as follows:

	2021	2020
Building	\$ 8,491,790	\$ 8,491,790
Furniture and equipment	<u>592,650</u>	<u>592,650</u>
	9,084,440	9,084,440
Accumulated depreciation	<u>( 3,893,207)</u>	<u>( 3,647,798)</u>
	<u>\$ 5,191,233</u>	<u>\$ 5,436,642</u>

Depreciation expense for the years ended March 31, 2021 and 2020 amounted to \$245,409 and \$253,450, respectively.

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**NOTES 4 - MORTGAGE NOTES PAYABLE**

Mortgage notes payable as of March 31, 2021 and 2020, were as follows:

	2021	2020
<p>\$6,017,876 refinanced mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender; bearing interest at 2.75% through December 31, 2017, then at 3.34% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45%; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	\$ 2,581,085	\$ 3,168,375
<p>\$575,000 mortgage note payable executed November 10, 2014, with Gadsden County, Florida and assigned to a commercial lender. The note bears interest at 3.99% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25%; payable in monthly installments of principal and interest; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	<u>292,697</u> 2,873,782	<u>360,568</u> 3,528,943
<p>Less current portion</p>	( <u>605,079</u> )	( <u>598,881</u> )
	\$ <u>2,268,703</u>	\$ <u>2,930,062</u>

**PUBLIC SAFETY ACADEMY HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021 and 2020**

**NOTES 4 - MORTGAGE NOTES PAYABLE (Continued)**

As of March 31, 2021, the scheduled maturities of the mortgage notes payable were as follows:

	<u>Principal</u>	<u>Interest</u>
March 31, 2022	\$ 605,079	\$ 60,503
2023	678,643	49,759
2024	698,651	32,304
2025	719,417	14,310
Thereafter	<u>171,992</u>	<u>710</u>
	<u>\$ 2,873,782</u>	<u>\$ 157,586</u>

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**  
THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

HAROLD A. BROCK, JR., C.P.A.  
FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.  
KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**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  
Public Safety Academy Housing, Inc.  
Havana, Florida

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 Public Safety Academy Housing, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated October 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Public Safety Academy Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Public Safety Academy Housing, Inc. are free of 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 financial statement amounts. 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tallahassee, Florida  
October 11, 2021

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**

THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

HAROLD A. BROCK, JR., C.P.A.  
FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.  
KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**MANAGEMENT LETTER**

Board of Directors  
Public Safety Academy Housing, Inc.  
Tallahassee, Florida

In planning and performing our audit of the financial statements of Public Safety Academy Housing, Inc. (the "Organization") as of and for the years ended March 31, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audits, we have become aware of matters that are an opportunity for strengthening internal control and operating efficiency. This letter does not affect our report dated October 11, 2021, on the financial statements of the Organization.

We will review the status of these comments during our next audit engagement. We have already discussed these matters previously with management and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing any recommendations. Our comments are summarized as follows:

**Prior Year's Recommendations**

**Reconciliation of Loan Principal Payments with Bond Document - RESOLVED:**

In the prior year, while reviewing the reconciliation of principal payments for both loans with the bond documents, we noted the various discrepancies due to the changes in interest rates and corporate tax rate. Management worked with the financial institution and remedied the discrepancies in the current year.

**Current Year's Recommendations**

**None.**



We wish to thank the Executive Director and his staff for their support and timely assistance during our audit.

The report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*Thomson Block Budget Company*

October 11, 2021

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021 AND 2020**

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**TABLE OF CONTENTS**  
**MARCH 31, 2021 AND 2020**

	<u>Page(s)</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Basic Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – For the Year Ended March 31, 2021	5
Statement of Functional Expenses– For the Year Ended March 31, 2020	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 17
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	18 – 19

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tallahassee Community College Foundation, Inc. (the Foundation), a component unit of Tallahassee Community College (the College), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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***

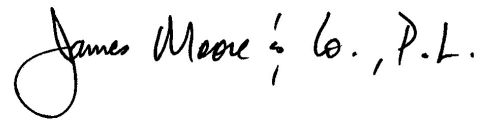
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tallahassee Community College Foundation, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The financial statements of Tallahassee Community College Foundation, Inc. for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on August 24, 2020.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021 on our consideration of Tallahassee Community College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tallahassee Community College Foundation, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida  
September 1, 2021

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2021 AND 2020**

<u><b>ASSETS</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 208,456	\$ 104,455
Investments	2,191,846	1,988,729
Current portion contributions receivable	578,566	847,394
Prepaid expenses	-	2,400
Total current assets	2,978,868	2,942,978
<b>Noncurrent assets</b>		
Cash and cash equivalents restricted for endowments	186,168	111,407
Investments restricted for endowments	18,026,862	12,043,049
Noncurrent portion contributions receivable, net	175,361	226,903
Land held for sale	325,000	325,000
Collectibles and other assets	5,777	25,655
	18,719,168	12,732,014
<b>Total Assets</b>	<b>\$ 21,698,036</b>	<b>\$ 15,674,992</b>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 56,265	\$ 44,654
Total current liabilities	56,265	44,654
<b>Total liabilities</b>	56,265	44,654
<b>Net assets</b>		
Without donor restrictions	1,156,195	889,041
With donor restrictions	20,485,576	14,741,297
Total net assets	21,641,771	15,630,338
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,698,036</b>	<b>\$ 15,674,992</b>

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Private contributions	\$ 65,201	\$ 1,021,581	\$ 1,086,782	\$ 44,295	\$ 978,127	\$ 1,022,422
In-kind contributions	664,099	-	664,099	604,039	-	604,039
Investment income, net	271,559	5,712,789	5,984,348	15,722	(1,433,562)	(1,417,840)
Special events	281,712	-	281,712	204,808	-	204,808
Miscellaneous	13,219	30,683	43,902	5,422	26,925	32,347
Net assets released from restrictions:						
Satisfaction of program and time restrictions	1,020,774	(1,020,774)	-	1,416,165	(1,416,165)	-
Transfers	-	-	-	27,208	(27,208)	-
Total support and revenues	<u>2,316,564</u>	<u>5,744,279</u>	<u>8,060,843</u>	<u>2,317,659</u>	<u>(1,871,883)</u>	<u>445,776</u>
<b>Expenses</b>						
Program services - educational activities	1,331,912	-	1,331,912	1,422,670	-	1,422,670
General and administrative	423,050	-	423,050	630,343	-	630,343
Development activities	294,448	-	294,448	221,805	-	221,805
Total expenses	<u>2,049,410</u>	<u>-</u>	<u>2,049,410</u>	<u>2,274,818</u>	<u>-</u>	<u>2,274,818</u>
<b>Increase (decrease) in net assets</b>	<u>267,154</u>	<u>5,744,279</u>	<u>6,011,433</u>	<u>42,841</u>	<u>(1,871,883)</u>	<u>(1,829,042)</u>
<b>Net assets, beginning of year</b>	889,041	14,741,297	15,630,338	846,200	16,613,180	17,459,380
<b>Net assets, end of year</b>	<u>\$ 1,156,195</u>	<u>\$ 20,485,576</u>	<u>\$ 21,641,771</u>	<u>\$ 889,041</u>	<u>\$ 14,741,297</u>	<u>\$ 15,630,338</u>

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Educational Activities</u>	<u>General and Administrative</u>	<u>Development Activities</u>	<u>Total</u>
Academic and athletic support	\$ 536,131	\$ 1,900	\$ -	\$ 538,031
Personnel services	276,986	99,803	62,872	439,661
Scholarships	362,036	-	-	362,036
Contract services	21,300	77,245	148,301	246,846
Materials and supplies	43,882	25,171	32,539	101,592
Professional fees	-	83,885	-	83,885
Rental	40,431	14,568	13,740	68,739
Hospitality and events	19,645	21,157	15,316	56,118
Honoraria and awards	1,236	46,541	2,425	50,202
Printing and postage	14,531	12,692	10,438	37,661
Miscellaneous	11,716	7,280	2,715	21,711
Advertising	3,647	10,199	3,896	17,742
Bank fees	-	8,296	-	8,296
Insurance	-	4,909	-	4,909
Dues and subscriptions	-	3,457	21	3,478
Meetings	-	2,407	803	3,210
Travel	-	974	1,357	2,331
Bad debt	-	2,164	-	2,164
Training	371	402	-	773
Licenses	-	-	25	25
<b>Total expenses</b>	<u>\$ 1,331,912</u>	<u>\$ 423,050</u>	<u>\$ 294,448</u>	<u>\$ 2,049,410</u>

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



**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Educational Activities</u>	<u>General and Administrative</u>	<u>Development Activities</u>	<u>Total</u>
Scholarships	\$ 502,668	\$ -	\$ -	\$ 502,668
Academic and athletic support	445,286	20,281	213	465,780
Personnel services	261,775	116,398	54,508	432,681
Materials and supplies	132,726	48,821	34,725	216,272
Contract services	10,178	127,304	58,769	196,251
Hospitality and events	40,494	17,795	36,849	95,138
Honoraria and awards	11,684	45,090	5,933	62,707
Facility costs	-	60,583	-	60,583
Professional fees	-	56,941	-	56,941
Advertising	7,031	13,361	13,514	33,906
Miscellaneous	-	32,251	1,096	33,347
Printing and postage	1,648	16,336	5,737	23,721
Bad debt	-	21,065	0	21,065
Rental	1,145	14,495	4,950	20,590
Travel	2,964	11,919	4,099	18,982
Meetings	4,135	8,164	844	13,143
Dues and subscriptions	411	5,809	568	6,788
Bank fees	-	6,297	-	6,297
Insurance	-	5,617	-	5,617
Training	525	952	-	1,477
Licenses	-	864	-	864
<b>Total expenses</b>	<u>\$ 1,422,670</u>	<u>\$ 630,343</u>	<u>\$ 221,805</u>	<u>\$ 2,274,818</u>

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Cash received from contributors and others	\$ 1,040,084	\$ 1,152,245
Cash received from interest and dividends	349,718	331,912
Cash paid for scholarships and suppliers	(1,329,422)	(1,639,678)
Net cash provided by (used in) operating activities	60,380	(155,521)
<b>Cash flows from investing activities</b>		
Purchases of investments	(524,146)	(15,361,997)
Sales of investments	210,444	14,950,579
Proceeds from sale of land held for investment	-	100,000
Net cash used in investing activities	(313,702)	(311,418)
<b>Cash flows from financing activities</b>		
Contributions restricted for endowments	432,084	419,131
<b>Increase (decrease) in cash and cash equivalents, and restricted cash</b>	178,762	(47,808)
<b>Cash and cash equivalents, and restricted cash beginning of year</b>	215,862	195,554
<b>Cash and cash equivalents, and restricted cash end of year</b>	\$ 394,624	\$ 147,746
<b>Reconciliation of increase (decrease) in net assets to net cash provided by (used in) operating activities</b>		
Increase (decrease) in net assets	\$ 6,011,433	\$ (1,829,042)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(5,873,228)	1,538,752
Realized loss on land held for sale, investment and development	-	211,000
Non-cash contributions	(22,000)	(43,076)
(Increase) decrease in:		
Prepaid expenses	2,400	5,000
Collectibles and other assets	41,878	50,652
Due from Tallahassee Community College	-	10,962
Contributions receivable	320,370	346,762
Increase (decrease) in:		
Accounts payable and accrued expenses	11,611	(27,400)
Contributions restricted for endowments	(432,084)	(419,131)
Total adjustments	(5,951,053)	1,673,521
<b>Net cash provided by (used in) operating activities</b>	\$ 60,380	\$ (155,521)
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Prepaid gift cards	\$ 22,000	\$ 22,000
Gift cards distributed to students	(44,278)	(29,756)
Equipment, furniture, and supplies	-	11,076
Equipment, furniture, and supplies gifted to College	-	(11,076)
Artwork	-	10,000
Artwork gifted to College	-	(10,000)
	\$ (22,278)	\$ (7,756)

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

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

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

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

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

(c) **Land held for sale**—Land held for sale consists of real property donated to the Foundation, recorded at its fair market value at date of contribution, and held at its fair value less estimated costs to sell.

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

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

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

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

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

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

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 208,456	\$ 36,339
Cash restricted for endowment purposes	186,168	111,407
	\$ 394,624	\$ 147,746

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

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

(j) **Fair Value Measurements**—The Foundation’s investments are stated at fair value (see Note 6). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(k) **Reclassifications**—In order to facilitate the comparison of financial data, certain March 31, 2020 account balances have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net assets.

(2) **Related Party Transactions:**

Personnel and certain facility costs are provided to the Foundation by the College. For the years ended March 31, 2021 and 2020, the Foundation has recorded these donated services at \$439,661 and \$432,681 for personnel services, \$60,583 and \$60,583 for facility costs, and \$163,855 and \$110,775 for other office expenses, respectively.

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**(3) Contributions Receivable:**

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows have been calculated using a discount rate of 0.92% and 3.25%, after providing for collection losses for the years ended March 31, 2021 and 2020, respectively. A summary of contributions to be collected follows:

	<b>2021</b>	<b>2020</b>
In one year or less	\$ 578,566	\$ 847,394
Between one year and ten years	215,299	294,514
	778,865	1,141,908
Less:		
Allowance for collection losses	(33,923)	(53,899)
Discounts for time-value of money	(6,015)	(13,712)
	<b>\$ 753,927</b>	<b>\$ 1,074,297</b>

The Foundation is the beneficiary of conditional promises to give. A conditional promise requires a future event to take place before the promise becomes binding on the donor. Typically, the Foundation has no control over the required event. As of March 31, 2021 and 2020, the Foundation was the beneficiary of various promises to give that did not meet recognition criteria of approximately \$3,617,378 and \$3,478,631, respectively. No receivable was recorded for these conditional pledges, nor was future support recognized.

**(4) Investments:**

Investments are carried at fair value; realized and unrealized gains and losses are reflected in investment income, net, in the Statement of Activities. The following are the major types of investments held by the Foundation at March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Investment pool	\$ 18,026,862	\$ 12,111,165
Bond mutual and exchange traded funds	2,191,846	1,988,729
	<b>\$ 20,218,708</b>	<b>\$ 14,099,894</b>

**March 31, 2021**

Investment pool consists of 96.5% in mutual funds, 3.5% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2021.

**March 31, 2020**

Investment pool consists of 93% in mutual funds, 6% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2020.

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

(4) **Investments:** (Continued)

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 391,920	\$ 379,564
Net realized and unrealized gain (loss) on investments	5,629,182	(1,538,752)
Investment fees	(36,754)	(47,652)
Realized loss on land sale	—	(211,000)
	<u>\$ 5,984,348</u>	<u>\$ (1,417,840)</u>

(5) **Land Held for Sale:**

Land held for sale currently consists of one (1) parcel of real property. As market conditions change, the parcel's appraised value can suffer impairment losses from the determined fair market value recorded at date of donation. Prior year additions consisted of a parcel donated to the Foundation, the disposition of which is restricted to Foundation use until May 1, 2020, after which it may be sold, and the proceeds restricted to use in promotion and funding of higher education efforts of children graduating from Wakulla County Schools. A summary of land held for sale, investment, and development is as follows:

	<u>2021</u>	<u>2020</u>
Approximately forty-eight (48) acres, DR. MLK Jr. Road, Crawfordville, Florida	\$ 605,000	\$ 605,000
Impairment loss	(280,000)	(280,000)
	<u>\$ 325,000</u>	<u>\$ 325,000</u>

(6) **Fair Value Measurements:**

The FASB guidance on fair value measurements defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

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

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

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

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

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

**Fair Value Measurements at March 31, 2021**

<b>Description</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	<b>Fair Value</b>
Investments restricted for endowment purposes:				
Money market funds	\$ 178,559	\$ -	\$ -	\$ 178,559
Domestic equity securities	9,238,717	-	-	9,238,717
International equity securities	5,934,663	-	-	5,934,663
Domestic bond mutual funds	1,561,670	-	-	1,561,670
International bond mutual funds	584,319	-	-	584,319
FEG pooled investments	-	707,493	-	707,493
Total investments restricted for endowment purposes:	<u>17,497,928</u>	<u>707,493</u>	<u>-</u>	<u>18,205,421</u>
Non-endowed investments:				
Equity mutual funds	550,243	-	-	550,243
Bond mutual and ETF's	1,641,603	-	-	1,641,603
Total non-endowed investments:	<u>2,191,846</u>	<u>-</u>	<u>-</u>	<u>2,191,846</u>
Nonfinancial assets:				
Land	-	325,000	-	325,000
Total assets	<u>\$ 19,689,774</u>	<u>\$ 1,032,493</u>	<u>\$ -</u>	<u>\$ 20,722,267</u>

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

<b>Fair Value Measurements at March 31, 2020</b>				
<b>Description</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	<b>Fair Value</b>
Investments restricted for endowment purposes:				
Money market funds	\$ 68,116	\$ -	\$ -	\$ 68,116
Domestic equity securities	5,801,913	-	-	5,801,913
International equity securities	3,891,392	-	-	3,891,392
Domestic bond mutual funds	1,092,268	-	-	1,092,268
International bond mutual funds	470,931	-	-	470,931
FEG pooled investments	-	786,545	-	786,545
Total investments restricted for endowment purposes:	11,324,620	786,545	-	12,111,165
Non-endowed investments:				
Equity mutual funds	435,514	-	-	435,514
Bond mutual and ETF's	1,553,215	-	-	1,553,215
Total non-endowed investments:	1,988,729	-	-	1,988,729
Nonfinancial assets:				
Land	-	325,000	-	325,000
Total assets	\$ 13,313,349	\$ 1,111,545	\$ -	\$ 14,424,894

(7) **Endowments:**

The Foundation's endowments consist of one hundred thirty (133) donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

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

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

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



**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

(7) **Endowments:** (Continued)

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

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

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

Endowment net assets composition by type of fund as of March 31, 2021:

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Donor-restricted endowment funds	\$ 8,732,245	\$ 8,357,258	\$ 17,089,503
	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Original Gift Amount</b>	<b>Original Gift Amount</b>
Endowment net assets, beginning of year	\$ 8,137,796	\$ 3,153,589	\$ 11,291,385
Investment return, net	-	5,712,789	5,712,789
Contributions	464,630	-	464,630
Transfers	129,819	-	129,819
Amounts appropriated for expenditure	-	(509,120)	(509,120)
	\$ 8,732,245	\$ 8,357,258	\$ 17,089,503

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

(7) **Endowments:** (Continued)

Endowment net assets composition by type of fund as of March 31, 2020:

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Donor-restricted endowment funds	\$ 8,137,796	\$ 3,153,589	\$ 11,291,385

	<b>With Donor Restrictions</b>		
	<b>Original Gift Amount</b>	<b>Accumulated Gains and Other</b>	<b>Total Funds</b>
Endowment net assets, beginning of year	\$ 7,652,826	\$ 5,168,429	\$ 12,821,255
Investment return, net	-	(1,181,368)	(1,181,368)
Contributions	245,854	-	245,854
Transfers	239,116	(269,416)	(30,300)
Amounts appropriated for expenditure	-	(564,056)	(564,056)
	\$ 8,137,796	\$ 3,153,589	\$ 11,291,385

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

Net assets with donor restrictions as of March 31, 2021 and 2020, are restricted for the following purposes:

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specified purpose:		
Scholarships and grants	\$ 1,031,376	\$ 818,576
Academic, student programs, and support	1,438,444	1,464,593
Pledges receivable with purpose restrictions, net	517,392	720,019
	2,987,212	3,003,188
Subject to the passage of time:		
Pledges receivable without restrictions, net	98,861	121,724
Land	325,000	325,000
	408,861	446,724
Subject to spending policy and appropriation:		
Accumulated gains and term endowments	8,357,258	3,153,589
Pledges receivable to be held in perpetuity, net	137,674	232,554
Endowment funds restricted in perpetuity	8,594,571	7,905,242
	17,089,503	11,291,385
Total net assets with donor restrictions	\$ 20,485,576	\$ 14,741,297

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**(9) Board Designated Net Assets Without Restriction:**

On January 26, 2012, the Board unanimously approved the designation of \$500,000 from net assets without restriction to the HPE Surgical Technology Program and the Ghazvini Fund in the amounts of \$404,500 and \$95,500, respectively, for the purpose of funding and supporting the College’s healthcare initiative program. As of 2021 and 2020, board designated net assets without restriction remaining for the HPE Surgical Technology Program and the Ghazvini Fund amounted to \$102,695 for each year, respectively.

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

The more significant concentrations of credit risk are as follows:

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

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

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

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 387,015	\$ 104,455
Non-endowed investments	2,191,846	1,988,729
Current portion of contributions receivable	563,566	807,397
	<b>\$ 3,142,427</b>	<b>\$ 2,900,581</b>

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

**TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

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

(12) **Commitments:**

As of March 31, 2021 and 2020, the Foundation maintains programmatic grant commitments to the College in the amounts of \$403,301 and \$440,498 for promises to give conditional upon the College's satisfaction of compliance with donor/grantor restrictions.

(13) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 1, 2021, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee Community College Foundation, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated September 1, 2021.

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

- 18 -

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*James Moore & Co., P.L.*

Tallahassee, Florida  
September 1, 2021