

Financial Statements
and Supplementary Information

The Florida College System Foundation, Inc.

*Years ended June 30, 2024 and 2023
with Report of Independent Auditors*



The Florida College System Foundation, Inc.

Financial Statements
and Supplementary Information

Years ended June 30, 2024 and 2023

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Report of Independent Auditors

Board of Directors
The Florida College System Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Florida College System Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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Report on Summarized Comparative Information

We have previously audited the Florida College System Foundation, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Benefits to College Foundations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Benefits to College Foundations is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated NEED DATE on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Foundation's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 26, 2025

The Florida College System Foundation, Inc.

Statements of Financial Position

	June 30,	
	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,265,209	\$ 2,957,835
Accounts receivable, net	35,592	56,173
Grant receivable	-	283,284
Investments	<u>11,633,946</u>	<u>7,722,523</u>
Total current assets	13,934,747	11,019,815
Cash and cash equivalents, restricted for endowment purposes	2,230	2,230
Investments, restricted for endowment purposes	16,000,000	16,000,000
Property and equipment, net	<u>1,910</u>	<u>4,174</u>
Total assets	<u>\$ 29,938,887</u>	<u>\$ 27,026,219</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ <u>23,593</u>	\$ <u>4,551</u>
Net assets:		
Without donor restrictions:		
Undesignated	137,361	137,004
With donor restrictions:		
Restricted for time or purpose	13,775,703	10,882,434
Restricted for perpetuity	<u>16,002,230</u>	<u>16,002,230</u>
Total net assets	<u>29,915,294</u>	<u>27,021,668</u>
Total liabilities and net assets	<u>\$ 29,938,887</u>	<u>\$ 27,026,219</u>

See accompanying notes.

The Florida College System Foundation, Inc.

Statements of Activities and Changes in Net Assets

	Years ended June 30,			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Changes in net assets:				
Revenues and other support:				
Grant revenue	\$ -	\$ 32,550	\$ 32,550	\$ 458,606
In-kind revenue	167,070	-	167,070	204,226
Contributions	3,475	-	3,475	31,475
Other income	2,450	-	2,450	43,363
Investment income, net	9,680	4,530,526	4,540,206	2,665,969
Net assets released from restrictions	<u>1,669,807</u>	<u>(1,669,807)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,852,482</u>	<u>2,893,269</u>	<u>4,745,751</u>	<u>3,403,639</u>
Expenses:				
Program services:				
Helios First Generation Scholars program	604,995	-	604,995	602,375
Florida Blue Scholarship program	531,318	-	531,318	536,898
Dream Makers program	206,077	-	206,077	207,948
Other programs	286,225	-	286,225	458,486
Support services:				
General and administrative	<u>223,510</u>	<u>-</u>	<u>223,510</u>	<u>282,334</u>
Total expenses	<u>1,852,125</u>	<u>-</u>	<u>1,852,125</u>	<u>2,088,041</u>
Change in net assets	357	2,893,269	2,893,626	1,315,598
Net assets at beginning of year	<u>137,004</u>	<u>26,884,664</u>	<u>27,021,668</u>	<u>25,706,070</u>
Net assets at end of year	<u>\$ 137,361</u>	<u>\$29,777,933</u>	<u>\$29,915,294</u>	<u>\$27,021,668</u>

See accompanying notes.

The Florida College System Foundation, Inc.

Statements of Functional Expenses

Years ended June 30,

	Program Services				Support Services	2024 Total	2023 Total
	Helios First Generation Scholars Program	Florida Blue Scholarship Program	Dream Makers Program	Other Programs	General and Administrative		
Expenses							
Awards and recognition	\$ 604,995	\$ 531,318	\$ 206,077	\$ -	\$ 1,653	\$ 1,344,043	\$ 1,555,679
Salaries and benefits	-	-	-	-	167,070	167,070	185,699
Meetings and conferences	-	-	-	119,748	18,244	137,992	54,747
Consulting	-	-	-	-	-	-	10,241
Professional fees	-	-	-	70,510	105	70,615	176,753
Accounting and legal	-	-	-	-	26,505	26,505	17,710
Advertising	-	-	-	-	-	-	39
Office expenses	-	-	-	7,137	4,084	11,221	2,926
Travel	-	-	-	71,459	3,141	74,600	43,072
Miscellaneous	-	-	-	888	587	1,475	15,733
Depreciation	-	-	-	497	1,767	2,264	2,263
Rent	-	-	-	11,822	354	12,176	18,527
Communications	-	-	-	4,164	-	4,164	4,652
Total expenses	\$ 604,995	\$ 531,318	\$ 206,077	\$ 286,225	\$ 223,510	\$ 1,852,125	\$ 2,088,041

See accompanying notes.

The Florida College System Foundation, Inc.

Statements of Cash Flows

	Years ended June 30,	
	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 2,893,626	\$ 1,315,598
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	2,264	2,263
Unrealized gain on investments	(2,909,734)	(1,425,206)
Realized gain on sale of investments	(1,189,839)	(798,646)
Changes in operating assets and liabilities:		
Grants receivable	283,284	283,283
Accounts payable	19,042	3,768
Accounts receivable, net	<u>20,581</u>	<u>(14,309)</u>
Net cash used in operating activities	<u>(880,776)</u>	<u>(633,249)</u>
Investing activities		
Proceeds from sale of investments	3,786,603	5,196,453
Purchases of securities	<u>(3,598,453)</u>	<u>(3,550,148)</u>
Net cash provided by investing activities	<u>188,150</u>	<u>1,646,305</u>
(Decrease) increase in cash and cash equivalents	(692,626)	1,013,056
Cash and cash equivalents at beginning of year	<u>2,960,065</u>	<u>1,947,009</u>
Cash and cash equivalents at end of year	<u>\$ 2,267,439</u>	<u>\$ 2,960,065</u>

See accompanying notes.

The Florida College System Foundation, Inc.

Notes to Financial Statements

Years ended June 30, 2024 and 2023

1. Nature of Operations and Significant Accounting Policies

The Florida College System Foundation, Inc. (the Foundation) is a direct-support organization of Florida College System operated exclusively for charitable, cultural, scientific, and educational purposes. The mission of the Foundation is to secure and manage public and private resources to provide optimal benefit to Florida's 28 colleges, thereby supporting students who are seeking a higher education that will positively impact their lives and the future of their communities. In accordance with Florida Statute 1004.71, the State Board of Education permits the use of property, equipment, and personal services of the Division of Florida Colleges to assist in the operation of the Foundation.

Basis of Accounting

The Foundation uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds.

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

During the fiscal years ended June 30, 2016 and 2017, the Foundation acted as the fiscal agent on behalf of the Governor's Office related to the "Degrees to Jobs Summit" that was held in May 2016. As the fiscal agent, at the direction of the Governor's Office, the Foundation expensed funds totaling \$172,967 for the event. As of June 30, 2017, the Foundation had received reimbursements totaling \$95,000, leaving a receivable balance of \$77,967 as of that date. In December 2017 and August 2018, the Foundation received additional reimbursements of \$10,000 and \$25,000, respectively. Collection of the remaining balance is uncertain. Accordingly, an allowance for credit losses in the amount of \$42,967 remains as of June 30, 2024 and 2023, respectively.

The Florida College System Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Investments

Investments consist of equity and fixed income securities. Investments are reported at fair value, which is based on quoted market values for these instruments. Net investment income is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less investment fees.

Property and Equipment

Property and equipment is recorded at cost when purchased, less accumulated depreciation. Depreciation and amortization is computed using the straight-line method over their estimated useful lives ranging from three to five years. The Foundation's policy is to capitalize asset acquisitions in excess of \$1,000.

Net Assets

Net assets, revenues, 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.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net asset released from restrictions.

The Florida College System Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Revenue Recognition

The Foundation recognizes grants, contracts and contributions of cash or other assets as net assets without donor restrictions when received, except when there are donor stipulations that limit the use of the donated assets. Prior to the acceptance of grants, contracts, and contributions with donor restrictions, the Foundation ensures the restrictions are within the Foundation's scope of programming or mission. When a donor's restriction expires, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor-imposed restrictions can be met immediately upon receipt, contributions are classified as contributions without donor restrictions.

The Foundation recognizes revenues from exchange transactions when the performance obligation is completed. Receivables are recognized for outstanding invoices. The Foundation does not charge interest on outstanding accounts receivable. The Foundation considers its accounts receivables related to grants to be fully collectible; accordingly, no allowance for credit losses is required.

Advertising

Advertising costs are charged to operations when incurred and are included in operating expenses. Advertising expenses were \$0 and \$39 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct expenses related to the programs and activities.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2020 and prior.

The Florida College System Foundation, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Subsequent Events

The Foundation has evaluated subsequent events through February 26, 2025, the date the financial statements were available to be issued. During the period from June 30, 2024 to February 26, 2025, the Foundation did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

2. Concentration of Credit Risk

The Foundation's financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC insured financial institution. The Foundation has not experienced any losses in such accounts.

Deposits with investment firms utilized by the Foundation are members of the Securities Investors Protection Corporation (SIPC), which provides protection up to \$500,000. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Foundation. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Foundation focuses primarily on higher quality fixed income and equity securities, limits its exposure in any one investment, and monitors portfolio quality.

The Florida College System Foundation, Inc.

Notes to Financial Statements

3. Available Resources and Liquidity

The Foundation receives contributions and grants, and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Foundation manages its liquidity while maintaining adequate liquid assets to fund near term operating needs.

The table below presents financial assets available for general expenditures within one year:

	June 30,	
	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,265,209	\$ 2,957,835
Accounts receivable, net	35,592	56,173
Grants receivable	-	283,284
Investments	11,633,946	7,722,523
Cash and cash equivalents restricted for endowment purposes	2,230	2,230
Investments restricted for endowment purposes	<u>16,000,000</u>	<u>16,000,000</u>
Total financial assets	<u>29,936,977</u>	<u>27,022,045</u>
Less: Financial assets with donor-imposed restrictions		
Perpetual	<u>(16,002,230)</u>	<u>(16,002,230)</u>
Time and purpose restrictions	<u>(13,775,703)</u>	<u>(10,882,434)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 159,044</u>	<u>\$ 137,381</u>

4. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Florida College System Foundation, Inc.

Notes to Financial Statements

4. Investments (continued)

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 and 2 investments may include money market funds, securities and bonds and are reported at fair value. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Fair Value on a Recurring Basis

The tables below presents the balances of assets measured at fair value on a recurring basis.

Investments consisted of the following at June 30, 2024:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 8,542,979	\$ 12,024,224	\$ 20,567,203	\$ 20,567,203	\$ -
Fixed Income	<u>7,397,839</u>	<u>(331,096)</u>	<u>7,066,743</u>	<u>5,172,089</u>	<u>1,894,654</u>
Total investments	<u>\$ 15,940,818</u>	<u>\$ 11,693,128</u>	<u>\$ 27,633,946</u>	<u>\$ 25,739,292</u>	<u>\$ 1,894,654</u>

Investments consisted of the following at June 30, 2023:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 8,405,850	\$ 9,289,619	\$ 17,695,469	\$ 17,695,469	\$ -
Fixed Income	<u>6,458,669</u>	<u>(521,615)</u>	<u>6,027,054</u>	<u>4,179,991</u>	<u>1,847,063</u>
Total investments	<u>\$ 14,864,519</u>	<u>\$ 8,768,004</u>	<u>\$ 23,722,523</u>	<u>\$ 21,875,460</u>	<u>\$ 1,847,063</u>

The Florida College System Foundation, Inc.

Notes to Financial Statements

4. Investments (continued)

Investment income, net, consisted of the following:

	Years ended June 30,	
	2024	2023
Interest and dividends	\$ 637,634	\$ 621,856
Realized gains	1,189,839	798,680
Unrealized gains	2,909,734	1,425,206
Investment fees	(197,001)	(179,773)
Total investment income, net	<u>\$ 4,540,206</u>	<u>\$ 2,665,969</u>

5. Property and Equipment, Net

Property and equipment, net, consists of the following:

	June 30,	
	2024	2023
Furniture and fixtures	\$ 9,273	\$ 9,273
Equipment	<u>4,026</u>	<u>4,026</u>
	13,299	13,299
Less accumulated depreciation	<u>(11,389)</u>	<u>(9,125)</u>
	<u>\$ 1,910</u>	<u>\$ 4,174</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$2,264 and \$2,263, respectively.

The Florida College System Foundation, Inc.

Notes to Financial Statements

6. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	June 30,	
	<u>2024</u>	<u>2023</u>
Benjamin Fund	\$ 4,756	\$ 4,756
Dream Makers	2,560,994	2,058,061
General Scholarship	2,000	2,000
Florida Blue	6,405,382	5,060,461
Florida Citrus	213	213
Helios Education	4,370,990	3,030,709
Student Success Center 2.0	416,562	654,238
DeLuca	9,306	66,496
Student Success Center 2.1 AA Research	<u>5,500</u>	<u>5,500</u>
Net assets with donor restrictions - restricted for purpose or time	13,775,703	10,882,434
Dream Makers	2,000,000	2,000,000
Florida Citrus	2,230	2,230
Florida Blue	5,000,000	5,000,000
Helios Education	<u>9,000,000</u>	<u>9,000,000</u>
Net assets with donor restrictions - restricted for perpetuity	<u>16,002,230</u>	<u>16,002,230</u>
Total net assets with donor restrictions	<u>\$ 29,777,933</u>	<u>\$ 26,884,664</u>

The Florida College System Foundation, Inc.

Notes to Financial Statements

6. Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor. Amounts released during the years ended June 30, 2024 and 2023 are as follows:

	June 30,	
	<u>2024</u>	<u>2023</u>
Helios First Generation Scholars Fund	\$ 604,995	\$ 602,375
Florida Blue Scholarship Fund	531,318	536,898
Dream Makers Fund	206,077	207,948
BMFG Dual Enrollment Fund	-	10,241
SSC Now Fund	237,677	69,141
DeLuca	89,740	45,104
Hurricane Relief	-	200,000
SSC 2.1 AA Research	-	134,000
Maxwell fund	-	2,466
	<u>\$ 1,669,807</u>	<u>\$ 1,808,173</u>

7. Net Assets Perpetual in Nature

The Foundation's endowments consist of four donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation does not hold any funds designated by the Board of Directors to function as endowments. Net assets with donor restrictions that are perpetual in nature consist of the endowment funds described in Note 8.

8. Endowment Funds

An endowed scholarship fund was established in 2004 with a contribution of \$2,500,000 from Florida Blue, formerly Blue Cross and Blue Shield of Florida, Inc. In 2005, the Foundation received matching funds from the State of Florida Dr. Philip Benjamin Matching Grant Program totaling \$2,500,000. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2024 and 2023 totaled \$5,000,000.

The Dream Makers Endowment Fund was established in 1999 with an original contribution of \$1,000,000 from Bank of America, formerly NationsBank, and matching funds of \$1,000,000 from the State of Florida. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2024 and 2023 totaled \$2,000,000.

The Florida College System Foundation, Inc.

Notes to Financial Statements

8. Endowment Funds (continued)

A general endowment was established in 1994 with a contribution of \$2,230 from Florida Citrus Mutual. The principal shall remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2024 and 2023 totaled \$2,230.

In December 2006, the Helios Education Foundation established an endowment fund with a contribution totaling \$4,500,000. During fiscal year 2008, the Foundation received a match totaling \$4,500,000 from the State of Florida Dr. Philip Benjamin Matching Grant Program. The principal is to remain intact and is not subject to withdrawals. The investment return from the endowment is designated for scholarship assistance. The principal balance as of June 30, 2024 and 2023 totaled \$9,000,000.

Interpretation of Relevant Law

The Foundation's Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to all not-for-profit organizations incorporated in the State of Florida as of July 1, 2012.

Endowment Net Asset Composition

Endowment net assets consist of the following:

	June 30,	
	<u>2024</u>	<u>2023</u>
With donor restrictions	<u>\$ 16,002,230</u>	<u>\$ 16,002,230</u>

Changes in Endowment Net Assets

Changes to endowment net assets for the fiscal year ended June 30, 2024, are as follows:

	<u>With Donor Restrictions</u>	
	<u>Restricted for Time or Purpose</u>	<u>Restricted for Perpetuity</u>
Endowment net assets, beginning of year	\$ 10,151,444	\$ 16,002,230
Net appreciation	4,530,525	-
Net assets released from restrictions	<u>(1,342,390)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 13,339,579</u>	<u>\$ 16,002,230</u>

The Florida College System Foundation, Inc.

Notes to Financial Statements

8. Endowment Funds (continued)

Changes in Endowment Net Assets (continued)

Changes to endowment net assets for the fiscal year ended June 30, 2023, are as follows:

	<u>With Donor Restrictions</u>	
	<u>Restricted for Time or Purpose</u>	<u>Restricted for Perpetuity</u>
Endowment net assets, beginning of year	\$ 8,832,667	\$ 16,002,230
Net appreciation	2,665,698	-
Net assets released from restrictions	(1,347,221)	-
Endowment net assets, end of year	<u>\$ 10,151,144</u>	<u>\$ 16,002,230</u>

Endowment Spending Policy

The Foundation's Board-adopted spending policy is that endowed scholarship earnings are to be distributed annually based on the December 31 portfolio value including dividends, interest and realized and unrealized gains net of investment management fees. The annual distribution from the endowment funds is set at five percent (5%) of the average market value of the previous three (3) years year-end valuations. If market conditions are negative during the current year, then dividends and interest income may be used for that year for scholarship purposes. If dividends and interest income is greater than five percent (5%) of the spending policy, then the Board of Directors can vote to cap dividends and interest at five percent (5%). Carryover of unspent distributions and special payments in excess of the annual spending policy are allowable with the approval of the Board of Directors. In the event the distribution would touch the corpus, a super majority vote is required and grant agreement and donor approval is to be explored.

Endowment Investment Policy

The endowment investment policy adopted by the Foundation's Board of Directors stipulates a target allocation of 65% equities and 35% fixed income. However, the Foundation reserves the right to alter these asset allocation guidelines at any time as the Foundation objectives and market conditions necessitate. The Finance and Investment Committee will review the overall asset allocation guidelines at least annually upon the start of each fiscal year. A fluctuation of up to 10% is allowed within asset categories. The Foundation seeks long-term growth of principal to preserve and grow Foundation assets and maximize scholarship awards to Florida's colleges.

The Florida College System Foundation, Inc.

Notes to Financial Statements

9. Contributions

Contributions include certain monetary and in-kind contributions. In-kind contributions are in the form of salaries, benefits, and rent. These contributions are included in Foundation general and administrative for presentational purposes. During the years ended June 30, 2024, and 2023, the Foundation receive donated services and office space from the Florida Department of Education of \$167,070 and \$204,226, respectively.

Supplementary Information

The Florida College System Foundation, Inc.

Schedule of Benefits to the College Foundations

	Years ended June 30,	
	2024	2023
Eastern Florida State College Foundation	\$ 44,053	\$ 43,543
Broward College Foundation	93,572	93,340
College of Central Florida Foundation	34,452	35,602
Chipola College Foundation	22,807	22,600
Daytona State College Foundation	47,256	47,262
Florida Southwestern State College Foundation	51,525	50,573
Florida State College at Jacksonville Foundation	66,967	67,394
The College of the Florida Keys Foundation	23,370	24,192
Gulf Coast State College Foundation	29,416	29,431
Hillsborough Community College Foundation	68,877	67,572
Indian River State College Foundation	45,208	44,431
Foundation for Florida Gateway College	26,613	27,056
Lake-Sumter State College Foundation	27,922	28,276
State College of Florida, Manatee-Sarasota Foundation	39,048	39,043
Miami Dade College Foundation	122,019	120,052
North Florida College Foundation	23,646	26,362
Northwest Florida State College Foundation	27,491	27,862
Palm Beach State College Foundation	70,906	66,210
Pasco-Hernando State College Foundation	37,732	39,816
Pensacola State College Foundation	38,939	37,322
Polk State College Foundation	37,805	41,568
St. Johns River State College Foundation	29,868	30,352
St. Petersburg College Foundation	68,823	70,824
Santa Fe College Foundation	41,624	40,925
Foundation for Seminole State College of Florida	50,454	52,353
South Florida State College Foundation	26,734	27,783
Tallahassee Community College Foundation	45,967	42,811
Valencia College Foundation	99,296	102,666
	<u>\$ 1,342,390</u>	<u>\$ 1,347,221</u>

See accompanying notes.

Other Reports

Report of Independent Auditors 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
Florida College System Foundation

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 (*Government Auditing Standards*), the financial statements of the Florida College System Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

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 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 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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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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 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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 26, 2025