

# 2023

St. Johns River State College  
Foundation, Inc.

Financial Statements and  
Independent Auditor's Report

March 31, 2023

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

ST. JOHNS RIVER STATE COLLEGE  
FOUNDATION, INC.  
PALATKA, FLORIDA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the St. Johns River State College Foundation, Inc. (the Foundation), which comprise the statement of net position as of March 31, 2023, the related statements of revenues, expenses, changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audit. 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 available to be issued.

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Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

## INDEPENDENT AUDITOR'S REPORT

### ***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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, Florida

## INDEPENDENT AUDITOR'S REPORT

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### ***Report on Summarized Comparative Information***

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2023, 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 the Foundation's internal control over financial reporting and compliance.



August 8, 2023  
Gainesville, Florida

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**

The following is management's discussion and analysis of the financial activities of the St. Johns River State College Foundation, Inc. (the Foundation) for the fiscal year ended March 31, 2023. The objective of this discussion and analysis is to focus on current activities, resulting changes, and currently known facts to provide an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

This report represents the Foundation leadership's overview of the organization's financial health and well-being. Consequently, we assume full responsibility for the completeness and reliability of all information. To provide a reasonable basis for making these representations, the Foundation has established a comprehensive internal controls framework designed to protect the Foundation's assets from loss, theft, or misuse. These controls also allow the external auditors to compile sufficient, reliable information for the preparation of the Foundation's financial statements conforming to accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Foundation's controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We confirm that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Foundation's financial statements have been audited by Purvis, Gray and Company, LLP, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Foundation as of the fiscal year ended March 31, 2023, are free from material misstatement. The independent audit involved the following: a test-basis examination of evidence supporting the amounts and disclosures in the financial statements and evaluating the appropriateness of the accounting policies used; the reasonableness of significant estimates made by the Foundation's management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the Foundation's financial position as of March 31, 2023, and changes in its net assets and cash flows for the year then ended is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

**Basic Financial Statements**

The Foundation is a special-purpose government, engaged only in business-type activities. Therefore, it presents only the financial statements required for enterprise funds, which consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**

**Financial Highlights**

The following presents condensed data about net position and change in net position for the fiscal years ended March 31, 2023 and March 31, 2022:

|   | <u><b>2023</b></u>         | <u><b>2022</b></u>         |
|---|----------------------------|----------------------------|
| Assets:                                 |                            |                            |
| Non-Capital Assets, Current             | \$ 5,410,061               | \$ 5,496,625               |
| Non-Capital Assets, Non-Current         | 3,500,924                  | 3,448,397                  |
| Total Assets                            | <u>8,910,985</u>           | <u>8,945,022</u>           |
| Liabilities:                            |                            |                            |
| Annuity Payable                         | 10,600                     | 10,600                     |
| Non-Current Liabilities                 | 70,213                     | 83,655                     |
| Total Liabilities                       | <u>80,813</u>              | <u>94,255</u>              |
| Deferred Inflows of Resources           | <u>119,163</u>             | <u>131,035</u>             |
| Net Position:                           |                            |                            |
| Restricted                              | 6,094,012                  | 6,199,807                  |
| Unrestricted                            | 2,616,997                  | 2,519,925                  |
| Total Net Position                      | <u>8,711,009</u>           | <u>8,719,732</u>           |
| Change in Net Position                  |                            |                            |
| Operating Revenues:                     |                            |                            |
| Contributions                           | <u>1,080,051</u>           | <u>550,109</u>             |
| Total Revenues                          | <u>1,080,051</u>           | <u>550,109</u>             |
| Operating Expenses:                     |                            |                            |
| Scholarships                            | 387,473                    | 380,449                    |
| General Program Expenses                | 137,470                    | 40,744                     |
| Other Expenses                          | <u>147,402</u>             | <u>92,641</u>              |
| Total Operating Expenses                | <u>672,345</u>             | <u>513,834</u>             |
| Operating Income/Loss                   | 407,706                    | 36,275                     |
| Non-Operating Revenue                   | <u>(478,712)</u>           | <u>825,425</u>             |
| Income Before Changes in Non-Expendable | (71,006)                   | 861,700                    |
| Endowment Contributions                 | 62,283                     | 80,000                     |
| Change in Net Position                  | (8,723)                    | 941,700                    |
| <b>Beginning Net Position</b>           | <u>8,719,732</u>           | <u>7,778,032</u>           |
| <b>Ending Net Position</b>              | <u><u>\$ 8,711,009</u></u> | <u><u>\$ 8,719,732</u></u> |

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2023**

On March 31, 2023, the net position totaled \$8,711,009. Of this amount:

- \$2,616,997 may be used to provide college program support as well as general and administrative support.
- \$2,704,170 represents funds which have been limited by donors with restrictions or for special purposes.
- \$3,389,842 is the non-expendable portion of funds that are invested in perpetuity.

The Foundation's net position decreased 0.1% (\$8,723) from the previous fiscal year-end.

The Foundation ended the 2022-2023 fiscal year with total assets of \$8.91 million, a 0.38% decrease from the prior fiscal year-end total of \$8.95 million.

Total liabilities of \$199,976 as of March 31, 2023, includes accounts payable as well as deferred revenue and a charitable gift annuity.

Contributions increased from the previous year with a total of \$1,080,051 while endowment contributions decreased to a total of \$62,283. Three gifts constituted \$438,000 of the contributions.

Management and general expenses, as well as all fundraising expenses, are paid from the Foundation's operating budget, which is derived in part from unrestricted gifts, in-kind contributions, and other operating support from St. Johns River College. The Foundation waived the 1.25% annual administrative assessment in 2023. No salaries are paid from the Foundation's funds as the College supports all salaries.

As of March 31, 2023, investment holdings account for 78.28% of total assets. The purpose of the investment pool is to preserve and enhance the real purchasing power of contributed funds, while providing an earnings stream to support St. Johns River State College and its students. The value of the Foundation's investments total \$6.98 million. This represents a decrease of 4.9% from the previous fiscal year-end. The drop in investment value is due to a weak market performance during the year. The Foundation usually has a high allocation to stocks of 60 to 70%.

**Request for Information**

The financial report is designed to provide a general overview of the Foundation's finances. Questions concerning any of the information in this report or requests for additional information should be addressed to the St. Johns River State College Foundation, Inc., 5001 St. Johns Avenue, Palatka, Florida 32177 or call (386) 312-4100.



**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2023,**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR MARCH 31, 2022**

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| <b>Assets</b>                              |                     |                     |
| Current Assets:                            |                     |                     |
| Cash and Cash Equivalents                  | \$ 1,824,236        | \$ 1,488,139        |
| Investments                                | 3,585,825           | 4,008,486           |
| Total Current Assets                       | <u>5,410,061</u>    | <u>5,496,625</u>    |
| Non-Current Assets:                        |                     |                     |
| Endowed Investments                        | 3,389,842           | 3,326,788           |
| Irrevocable Trust Receivable               | 111,082             | 121,609             |
| <b>Total Assets</b>                        | <u>8,910,985</u>    | <u>8,945,022</u>    |
| <b>Liabilities</b>                         |                     |                     |
| Current Liabilities:                       |                     |                     |
| Annuity Payable                            | 10,600              | 10,600              |
| Non-Current Liabilities:                   |                     |                     |
| Annuity Payable                            | 70,213              | 83,655              |
| <b>Total Liabilities</b>                   | <u>80,813</u>       | <u>94,255</u>       |
| <b>Deferred Inflows of Resources</b>       |                     |                     |
| Irrevocable Trust                          | 111,082             | 121,609             |
| Charitable Annuity                         | 8,081               | 9,426               |
| <b>Total Deferred Inflows of Resources</b> | <u>119,163</u>      | <u>131,035</u>      |
| <b>Net Position</b>                        |                     |                     |
| Unrestricted                               | 2,616,997           | 2,519,925           |
| Restricted:                                |                     |                     |
| Expendable                                 | 2,704,170           | 2,873,019           |
| Non-Expendable                             | 3,389,842           | 3,326,788           |
| <b>Total Net Position</b>                  | <u>\$ 8,711,009</u> | <u>\$ 8,719,732</u> |

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2023,**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR MARCH 31, 2022**

|  | 2023                |                     |                     | 2022                |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Restricted          |                     | Total               | Total               |
|  | Unrestricted        | Expendable          | Fund                | Fund                |
| <b>Operating Revenues</b>  |                     |                     |                     |                     |
| Contributions  | \$ 507,467          | \$ 572,584          | \$ -                | \$ 1,080,051        |
| <b>Total Operating Revenues</b>  | <u>507,467</u>      | <u>572,584</u>      | <u>-</u>            | <u>1,080,051</u>    |
| <b>Operating Expenses</b>  |                     |                     |                     |                     |
| Program Services:  |                     |                     |                     |                     |
| Scholarships   | -                   | 387,473             | -                   | 380,449             |
| Other College Support  | -                   | 153,338             | -                   | 40,744              |
| Total Program Services   | -                   | 540,811             | -                   | 421,193             |
| Fund-Raising   | 21,653              | 30,913              | -                   | 23,168              |
| Supporting Services:   |                     |                     |                     |                     |
| Management and General   | 62,818              | -                   | -                   | 50,478              |
| Professional Fees  | 16,150              | -                   | -                   | 18,995              |
| Total Supporting Services  | 78,968              | -                   | -                   | 69,473              |
| <b>Total Operating Expenses</b>  | <u>100,621</u>      | <u>571,724</u>      | <u>-</u>            | <u>513,834</u>      |
| <b>Operating Income (Loss)</b>   | <u>406,846</u>      | <u>860</u>          | <u>-</u>            | <u>36,275</u>       |
| <b>Non-Operating Revenue</b>   |                     |                     |                     |                     |
| Interest and Dividends   | 92,490              | 69,997              | 250                 | 132,697             |
| Unrealized (Loss)/Gain on Fair Value Change of Investments                 | (341,326)           | (288,015)           | 565                 | 457,727             |
| Gain (Loss) on Sale of Investments   | (6,331)             | (10,484)            | (44)                | 241,639             |
| Change in Value of Annuity   | -                   | 4,186               | -                   | (6,638)             |
| <b>Total Non-Operating Revenue</b>   | <u>(255,167)</u>    | <u>(224,316)</u>    | <u>771</u>          | <u>825,425</u>      |
| <b>Change in Net Position Before Endowment Contributions and Transfers</b> | 151,679             | (223,456)           | 771                 | 861,700             |
| Endowment Contributions  | -                   | -                   | 62,283              | 80,000              |
| Interfund Transfers  | (54,607)            | 54,607              | -                   | -                   |
| <b>Change in Net Position</b>  | <u>97,072</u>       | <u>(168,849)</u>    | <u>63,054</u>       | <u>941,700</u>      |
| <b>Net Position, Beginning of Year</b>                                     | <u>2,519,925</u>    | <u>2,873,019</u>    | <u>3,326,788</u>    | <u>7,778,032</u>    |
| <b>Net Position, End of Year</b>   | <u>\$ 2,616,997</u> | <u>\$ 2,704,170</u> | <u>\$ 3,389,842</u> | <u>\$ 8,719,732</u> |

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023,**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR MARCH 31, 2022**

|  | <u>2023</u>                | <u>2022</u>                |
|--|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>                  |                            |                            |
| Cash Received from Contributions and Support                 | \$ 1,079,993               | \$ 550,109                 |
| Payments for Scholarships                                    | (387,473)                  | (380,449)                  |
| Payments for General Student Expenses                        | (222,054)                  | (82,907)                   |
| Payments for Other Expenses                                  | (62,818)                   | (50,478)                   |
| <b>Net Cash (Used in) Operating Activities</b>               | <u>407,648</u>             | <u>36,275</u>              |
| <b>Cash Flows from Investing Activities</b>                  |                            |                            |
| Proceeds from Sale of Investments                            | 551,382                    | 732,868                    |
| Purchases of Investments                                     | (838,054)                  | (980,744)                  |
| Interest and Dividends                                       | 163,438                    | 132,698                    |
| Payments on Annuities  | (10,600)                   | (10,600)                   |
| <b>Net Cash (Used in) Investing Activities</b>               | <u>(133,834)</u>           | <u>(125,778)</u>           |
| <b>Cash Flows from Non-Capital Financing Activities:</b>     |                            |                            |
| Endowment Contributions                                      | <u>62,283</u>              | <u>80,000</u>              |
| <b>Net Cash Provided by Non-Capital Financing Activities</b> | <u>62,283</u>              | <u>80,000</u>              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | 336,097                    | (9,503)                    |
| <b>Cash and Cash Equivalents, Beginning of Year</b>          | <u>1,488,139</u>           | <u>1,497,642</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>                | <u><u>\$ 1,824,236</u></u> | <u><u>\$ 1,488,139</u></u> |
| <b><u>Schedule of Non-Cash Operating Activities</u></b>      |                            |                            |
| Change in Fair Value of Investments                          | <u><u>\$ (628,776)</u></u> | <u><u>\$ 457,727</u></u>   |

See accompanying notes.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The St. Johns River State College Foundation, Inc. (the Foundation) was formed in 1970 as a non-profit organization. The Foundation's sole purpose is the support of the St. Johns River State College (the College) and its students. The primary goal of the Foundation is to further develop its scholarship program and to fund activities that promote the College. The Foundation is a direct support organization under Section 1004.70, Florida Statutes, and, for financial reporting purposes, is considered a component unit of the College.

**Basis of Presentation**

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles.

For financial reporting purposes, the Foundation is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the financial activity of the Foundation is accounted for in a single business-type fund which, to observe restrictions placed on the use of resources, is further grouped into sub-accounts as follows:

- Unrestricted—represents resources available for operations without restriction.
- Restricted, Expendable—represents resources available only for scholarships or other eligible student related purposes.
- Restricted, Non-Expendable—represents contributions received, in which the principal amount is restricted in perpetuity by the donor, with income available only for scholarships or other eligible student related purposes.

All restrictions are externally imposed, thus no net position is restricted by enabling legislation. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues of the Foundation are classified as *operating*, for primary activities, such as donor contributions and state matching funds, or *non-operating*, for ancillary activities, such as investment earnings.

**Measurement Focus and Basis of Accounting**

The Foundation utilizes the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Investments**

Investments are reported at fair value, except for money market investments, which are reported at cost.

**Donor-Restricted Endowments**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the non-expendable endowment balance. In accordance with state law, these funds are then available for expenditure when the specific donor criteria are met.

In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce restricted expendable net position to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before a loss occurs. Any remaining loss reduces unrestricted net position.

If losses reduce the assets of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net position.

After the fair value of the assets of the endowment fund equals the required level, gains that are restricted by the donor are classified as increases in restricted expendable net position or restricted non-expendable net position, depending on the donor's restrictions.

**Contribution Receivable**

Unconditional promises to give that are expected to be collected within one year and in future years are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

**Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period.

**Income Tax**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

**Recently Issued and Implemented Accounting Pronouncements**

Effective April 1, 2022, the Foundation implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of this Statement are required to be applied retroactively and leases should be recognized and measured using facts and circumstances at the beginning of the period of implementation. There were no significant impacts of implementing this Statement.

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Note 2 - Deposits and Investments**

The Foundation's deposits and investments are summarized below:

|                                       |                            |
|---------------------------------------|----------------------------|
| Cash and Cash Equivalents             | \$ 1,824,236               |
| Investments                           | 3,585,825                  |
| Endowed Investments                   | 3,389,842                  |
| <b>Total Deposits and Investments</b> | <b><u>\$ 8,799,903</u></b> |

For the purpose of risk disclosures, deposits and investments are comprised of the following:

|                                       |                            |
|---------------------------------------|----------------------------|
| Deposits with Financial Institutions  | \$ 1,301,156               |
| Investments                           | 7,498,747                  |
| <b>Total Deposits and Investments</b> | <b><u>\$ 8,799,903</u></b> |

Investments held as of March 31, 2023, are as follows:

|  | Fair<br>Value              | Maturity in Years |                   |                   | N/A                 | Average<br>Credit<br>Quality<br>Ratings |
|--|----------------------------|-------------------|-------------------|-------------------|---------------------|---|
|  |                            | Less than 1       | 1-5               | 6-10              |                     |   |
| Special Purpose Investment<br>Account (SPIA) | \$ 523,080                 | \$ -              | \$ 523,080        | \$ -              | \$ -                | AA-F                                    |
| Bonds and Notes                              | 1,319,691                  | 261,547           | 421,171           | 636,973           | -                   | AAA to BBB                              |
| Equities                                     | 3,422,379                  | -                 | -                 | -                 | 3,422,379           | N/A                                     |
| Exchange Trade Funds:                        |                            |                   |                   |                   |                     |   |
| Fixed Income                                 | 42,143                     | -                 | -                 | 42,143            | -                   | A                                       |
| Equities                                     | 73,722                     | -                 | -                 | -                 | 73,722              | A                                       |
| Mutual Funds:                                |                            |                   |                   |                   |                     |   |
| Fixed Income                                 | 446,145                    | -                 | -                 | -                 | 446,145             | N/A                                     |
| Equities                                     | 1,332,115                  | -                 | -                 | -                 | 1,332,115           | N/A                                     |
| Real Estate                                  | 339,472                    | -                 | -                 | -                 | 339,472             | N/A                                     |
|  | <u>7,498,747</u>           | <u>\$ 261,547</u> | <u>\$ 944,251</u> | <u>\$ 679,116</u> | <u>\$ 5,613,833</u> |   |
| Less Cash Equivalents:                       |                            |                   |                   |                   |                     |   |
| SPIA   | (523,080)                  |                   |                   |                   |                     |   |
| <b>Total Investments</b>                     | <b><u>\$ 6,975,667</u></b> |                   |                   |                   |                     |   |

\* The SPIA uses the effective duration method, which is 3.05 years at March 31, 2023.

The Foundation may be exposed to the following risks associated with its investment portfolio:

**Credit Risk**—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy requires that debt securities be rated "Baa" or "BBB" or better by Moody's or Standard & Poor's rating services, respectively. The Foundation's investment policy also sets allowable ranges for allocation of assets as follows: domestic equity (mutual funds) (50-70%); international equity (10-20%); intermediate and long-term bonds (10-20%); real estate (0-10%); and cash equivalents (2-10%). Charitable gift annuity investments are limited to no more than 50% equities (including mutual funds) and no more than 10% may be invested in any one stock or fund.

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*Interest Rate Risk*—The risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation’s investment policy include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

*Custodial Credit Risk*—The risk that, in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. None of the Foundation’s investments are subject to custodial credit risk.

*Concentration of Credit Risk*—The risk that any one issuer, representing a concentration greater than 5% of total investments, may not fulfill its obligations. None of the Foundation’s investments exceeded this concentration level.

The Foundation invests in the Special Purpose Investment Account (SPIA) of the State of Florida Treasury Investment Pool, an external investment pool. The SPIA is not registered with the SEC. Regulatory oversight for the pool is provided by the State of Florida Division of Treasury. The fair value of the position in the pool is equal to the value of the pool shares.

**Note 3 - Fair Value Measurement**

The Foundation categorizes its fair value measurements with the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of March 31, 2023:

- Special purpose investment account - Total fair value of the pool is determined from individual values of securities in the pool. The Foundation’s fair value factor is a ratio of the total pool.
- Common stock - Valued using quoted market prices.
- Exchange traded funds - Valued using quoted market prices.
- Exchange traded funds fixed income - Valued using quoted market prices.
- Mutual funds - Valued at the daily closing price as reported by the fund.
- Irrevocable trust receivable - Valued using income approach, present value technique.

The following table summarizes the Foundation’s assets for which fair values are determined on a recurring basis:

|                                     | Fair Value          | Quoted Prices in<br>Active Market for<br>Identical Assets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|-------------------------------------|---------------------|--|--|--|
| <b>Investments</b>                  |                     |  |  |  |
| Bonds and Notes                     | \$ 1,319,691        | \$ 1,319,691   | \$ -   | \$ -   |
| Equities                            | 3,422,379           | 3,422,379  | -  | -  |
| Exchange Traded Funds               | 115,865             | 115,865  | -  |  |
| Mutual Funds                        | 2,117,732           | 2,117,732  | -  | -  |
| <b>Total Investments</b>            |                     |  |  |  |
| Measured at Fair Value              | <u>\$ 6,975,667</u> | <u>\$ 6,975,667</u>  | <u>\$ -</u>                                      | <u>\$ -</u>  |
| <b>Irrevocable Trust Receivable</b> | <u>\$ 111,082</u>   | <u>\$ -</u>  | <u>\$ 111,082</u>                                | <u>\$ -</u>  |

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
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**Note 4 - Receivables**

The Foundation is one of the residual beneficiaries of an irrevocable trust established in fiscal year 2013. Trust funds are held and invested by a third-party trustee, with earnings used for the surviving spouse, as long as she lives and remains unmarried. It is estimated that the principal of the trust will grow at 5% per year. The present value of the estimated distribution of the trust is reported as an irrevocable trust receivable.

**Note 5 - Charitable Annuity**

The Foundation is a lead interest beneficiary of an irrevocable agreement created in July 2016, in the total amount of \$200,000. The Foundation agrees to pay the donors annual annuity payments of \$10,600. The Foundation's obligation terminates with the annual payment last proceeding with the death of the last surviving donor. The present value of the future obligation is \$80,813. In addition, 10% (\$8,081) has been restricted as a required reserve. The remainder is available for scholarships for degree-seeking, in-state students enrolled at the College, subject to certain criteria.

Changes in annuity payable are summarized below:

|         | Balance<br>April 1, 2022 | Additions | Deductions  | Balance<br>March 31, 2023 | Due Within<br>One Year |
|---------|--------------------------|-----------|-------------|---------------------------|------------------------|
| Annuity | \$ 94,255                | \$ -      | \$ (13,442) | \$ 80,813                 | \$ 10,600              |

**Note 6 - Contributed Facilities, Services, and Property**

The Foundation receives free use of certain facilities and certain contributed services from the College. As a matter of accounting practice, the value of such facilities and services is not recorded in the Foundation's financial statements. Contributed property used to further the purposes of the Foundation is recorded at estimated acquisition value at the date of donation.

**Note 7 - Restricted Net Position**

Restricted, expendable net position of \$2,704,170 as of March 31, 2023, is available for scholarships and other eligible student-related purposes.

Changes in restricted, non-expendable net position are as follows:



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|                                       | Balance<br>March 31,<br>2022 | Current<br>Year<br>Contributions | Investment<br>Income<br>(Loss) | Administrative<br>Fees | Income<br>Available for<br>Expenditures | Transfer<br>from Restricted<br>Expendable | Transfer<br>from<br>Unrestricted | Balance<br>March 31,<br>2023 |
|---------------------------------------|------------------------------|----------------------------------|--------------------------------|------------------------|---|---|----------------------------------|------------------------------|
| Thrasher-Horne Endowment              | \$ 1,878,732                 | \$ -                             | \$ (126,454)                   | \$ -                   | \$ -                                    | \$ 126,454                                | \$ -                             | \$ 1,878,732                 |
| Paul and Juanita Boyette Endowment    | 204,552                      | -                                | (13,768)                       | -                      | -                                       | 13,768                                    | -                                | 204,552                      |
| Putnam County Scholar Endowment       | 162,092                      | 4,386                            | (10,911)                       | -                      | -                                       | 10,911                                    | -                                | 166,478                      |
| Irwin and Elizabeth Zekaria Endowment | 125,000                      | -                                | (8,414)                        | -                      | -                                       | 8,414                                     | -                                | 125,000                      |
| Georgia Pacific Endowment             | 123,165                      | -                                | (8,290)                        | -                      | -                                       | 8,290                                     | -                                | 123,165                      |
| Eva Mae Kelly Endowment               | 115,041                      | -                                | (7,743)                        | -                      | -                                       | 7,743                                     | -                                | 115,041                      |
| Dan and Katie Martinez Endowment      | 100,000                      | -                                | (6,731)                        | -                      | -                                       | 6,731                                     | -                                | 100,000                      |
| Nancy K. Ramsey Memorial Endowment    | 100,000                      | -                                | (6,731)                        | -                      | -                                       | 6,731                                     | -                                | 100,000                      |
| Athletic Association Endowment        | 62,000                       | -                                | (4,173)                        | -                      | -                                       | 4,173                                     | -                                | 62,000                       |
| Patty and Joel Weiss Endowment        | 51,373                       | -                                | (3,952)                        | -                      | -                                       | 3,952                                     | -                                | 51,373                       |
| Bob Hudson Endowment                  | 50,000                       | -                                | (3,365)                        | -                      | -                                       | 3,365                                     | -                                | 50,000                       |
| Joe and Linda Pickens Endowment       | 50,000                       | -                                | (3,365)                        | -                      | -                                       | 3,365                                     | -                                | 50,000                       |
| Olivia Lay Endowment                  | 50,000                       | -                                | (3,365)                        | -                      | -                                       | 3,365                                     | -                                | 50,000                       |
| Cliff Stearns Endowment               | -                            | 50,000                           | 1,555                          | -                      | (1,555)                                 | -   | -                                | 50,000                       |
| Talmdage - Noyes Endowment            | 41,945                       | -                                | (2,823)                        | -                      | -                                       | 2,823                                     | -                                | 41,945                       |
| John Tindall Endowment                | 28,164                       | -                                | (1,896)                        | -                      | -                                       | 1,896                                     | -                                | 28,164                       |
| Bob Smith Endowment                   | 25,000                       | 1,000                            | (1,684)                        | -                      | -                                       | 1,684                                     | -                                | 26,000                       |
| Sheretz Endowment                     | 25,000                       | -                                | (1,683)                        | -                      | -                                       | 1,683                                     | -                                | 25,000                       |
| Lilie Avrett Endowment                | 25,000                       | -                                | (1,683)                        | -                      | -                                       | 1,683                                     | -                                | 25,000                       |
| St. Augustine Rotary                  | 25,000                       | -                                | (1,683)                        | -                      | -                                       | 1,683                                     | -                                | 25,000                       |
| Robert McLendon, Jr. Endowment        | 25,000                       | 100                              | (1,683)                        | -                      | -                                       | 1,683                                     | -                                | 25,100                       |
| C.L. Overturf Endowment               | 25,000                       | -                                | 682                            | -                      | (682)                                   | -   | -                                | 25,000                       |
| Boots and Philip Endowment            | 21,529                       | -                                | (1,449)                        | -                      | -                                       | 1,449                                     | -                                | 21,529                       |
| Ben Zirbel Endowment                  | 13,195                       | 6,797                            | 771                            | -                      | -                                       | -   | -                                | 20,763                       |
| <b>Total</b>                          | <b>\$ 3,326,788</b>          | <b>\$ 62,283</b>                 | <b>\$ (218,838)</b>            | <b>\$ -</b>            | <b>\$ (2,237)</b>                       | <b>\$ 221,846</b>                         | <b>\$ -</b>                      | <b>\$ 3,389,842</b>          |

**Note 8 - Administrative Fees**

During fiscal year 2023, the Board of Directors (the Board) waived the administrative fee on all Board appropriated and endowment funds in response to current investment losses.

**Note 9 - Board Appropriations**

As summarized below, the Board has appropriated certain amounts of the unrestricted net position for specific purposes. These internal-imposed limitations on net position do not relate to donor stipulations.

|  |                     |
|--|---------------------|
| <b>Unrestricted Net Position as of March 31, 2023</b>                          | <b>\$ 2,616,997</b> |
| <b>Board Appropriations for the Thrasher - Horne Center of the Arts (THCA)</b> |                     |
| Balance Transfer from THCA Membership Account                                  | (50,000)            |
| Balance Transfer from THCA Sponsorships  | (36,545)            |
| Accumulated Net (Appreciation) Depreciation                                    | (10,856)            |
| Administrative Fee   | -                   |
| <b>Total Board Appropriations</b>  | <b>(97,401)</b>     |
| <b>Unappropriated Unrestricted Net Position</b>                                | <b>\$ 2,519,596</b> |

**ST. JOHNS RIVER STATE COLLEGE FOUNDATION, INC.**  
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**Note 10 - Revocable Split-Interest Bequest**

The Foundation is a beneficiary of a bequest held in trust by the Jacksonville Community Foundation, Inc. who maintains variance power over trust assets. The trust directs that \$300,000 be permanently endowed and administered by the aforementioned third-party, with earnings distributed to the Foundation on a periodic basis to provide scholarships annually to one recipient from each of the high schools in Putnam County. As of December 2015, the bequest was fully funded.

**Note 11 - Transfers**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Since no endowment funds fell below required levels for the year ended March 31, 2023, there were no transfers from unrestricted funds to restricted non-expendable funds.

The Foundation made a transfer from unrestricted funds to restricted expendable funds for accounts whose designation changed during the year ended March 31, 2023.

**Note 12 - Risk Management**

The Foundation is exposed to various risks of loss related to general liability and directors' and officers' liability. The Foundation purchases commercial insurance to manage these risks. There have been no losses in excess of coverage in the last three years.

## **ADDITIONAL REPORTS**

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

Board of Directors  
St. Johns River State College Foundation, Inc.  
Palatka, 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 the St. Johns River State College Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated August 8, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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St. Johns River State College Foundation, Inc.  
Palatka, Florida

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

**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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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



August 8, 2023  
Gainesville, Florida

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