

# 2021

College of Central Florida Foundation, Inc.  
A Component Unit of the College of Central Florida

## Financial Statements and Independent Auditor's Report

December 31, 2021

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**COLLEGE OF CENTRAL FLORIDA  
FOUNDATION, INC.  
OCALA, FLORIDA  
A COMPONENT UNIT OF THE  
COLLEGE OF CENTRAL FLORIDA**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
College of Central Florida Foundation, Inc.

### Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in its financial 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. 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 opinions.

### Responsibilities of Management for the Financial Statements

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

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

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## **INDEPENDENT AUDITOR'S REPORT**

and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 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.

## INDEPENDENT AUDITOR'S REPORT

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statement of net position by account and statement of revenues, expenses, and changes in net position by account, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



May 9, 2022  
Ocala, Florida

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021**

This section of the College of Central Florida Foundation’s (the Foundation) annual financial report presents our discussion and analysis of financial performance for the fiscal periods ending on December 31, 2021 and 2020. Please read it in conjunction with the preceding Accountant’s Audit Report and financial statements following this section.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about activities and present a longer-term view of financial position. The Statement of Cash Flows provides information regarding net cash from (used in) various activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These notes are an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of activities and performance.

**FINANCIAL ANALYSIS**

**NET POSITION**

	<b>December 2021</b>	<b>December 2020</b>
Current Assets	\$ 8,214,495	\$ 6,894,450
Capital Assets, Net	22,542,629	21,297,541
Non-Current Assets	95,578,272	87,057,904
Total Assets	<u>126,335,396</u>	<u>115,249,895</u>
Current Liabilities	642,659	869,403
Long-Term Liabilities	303,276	728,954
Total Liabilities	<u>945,935</u>	<u>1,598,357</u>
Deferred Inflows of Resources		
Split Interest Agreements	38,270	36,074
Gift Annuity	86,610	127,698
Total Deferred Inflows of Resources	<u>124,880</u>	<u>163,772</u>
Net Position:		
Net Investment in Capital Assets	22,542,629	20,812,543
Restricted	83,466,079	75,483,836
Unrestricted	19,255,873	17,191,387
Net Position at End of Year	<u>\$ 125,264,581</u>	<u>\$ 113,487,766</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021**  
**(Continued)**

In comparing 2021 activity to 2020 activity, we noted the following:

Total assets increased by 9.6%, or \$11.1 million. Current assets increased by \$1.3 million, and capital assets increased by \$1.3 million. Non-current assets, including the Foundation’s investment accounts, increased by \$8.5 million during 2021 due primarily to an \$8.3 million growth in the investment accounts.

There was a net decrease in total liabilities of \$652,421. The Enterprise Center bond was paid in full, eliminating debt of \$484,998. The Foundation paid both the current payment owed to the College of Central Florida (the College) for College Square Apartments support, and the 2020 payment that was deferred due to COVID-19. An 11-year agreement was made to repay the College beginning December 2014 after the bond on College Square Apartments was paid in full January 2014.

In recognizing the effects of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, on our financial statements, deferred inflows of resources decreased by \$38,892 to reflect the receipt of proceeds from a gift annuity during 2021. Total net position increased by \$11,776,816.

**CHANGES IN NET POSITION**

	<b>December 2021</b>	<b>December 2020</b>
Revenue:		
Operating - Contributions	\$ 3,869,572	\$ 1,883,683
Operating - Change in Pledges Receivable	(17,751)	6,083
Operating - Investment Income	10,709,880	6,729,054
Operating - Other	1,052,514	1,043,801
Operating - Support from College of Central Florida	469,072	351,763
Endowment Additions	1,720,949	5,797,812
Capital Contributions	1,392,689	-
Total Revenue	<u>19,196,925</u>	<u>15,812,196</u>
Expenses		
Operating - Program	6,631,667	4,421,287
Operating - Support	759,823	724,410
Non-Operating Expenses	28,620	42,522
Total Expenses	<u>7,420,110</u>	<u>5,188,219</u>
<b>Change in Net Positions</b>	11,776,815	10,623,977
<b>Net Position at Beginning of Year</b>	<u>113,487,766</u>	<u>102,863,789</u>
<b>Net Position at End of Year</b>	<u>\$ 125,264,581</u>	<u>\$ 113,487,766</u>

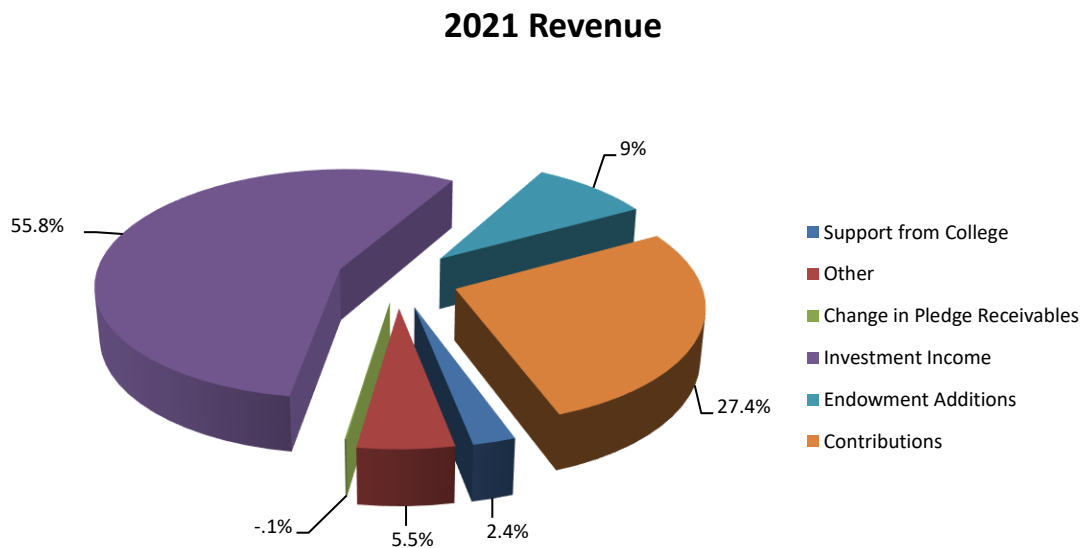
**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021**  
*(Continued)*

Significant differences between 2021 and 2020 revenues and expenses are discussed below:

**REVENUES**

**Operating Revenue** – Overall, Operating Revenue increased by \$7.5 million, with investment income increasing by 59.2%, or \$4 million, due to favorable market conditions during 2021. The Foundation also experienced an increase in private contributions due to the \$4.6 million gift of an art collection by the Foosaner Art Museum and Ruth Funk Center for Textile Arts.

**Endowment Additions** – Overall **Revenue** Permanently restricted contributions to the endowment fund experienced a 70% decrease in comparison to 2020, when a large estate gift was received. Although there was a decrease in endowment gifts, a \$1 million endowed scholarship was established by the Citrus County Hospital Board to support Citrus students enrolled in the College’s health science programs.



**Operating – Contributions** consists of private non-endowed contributions.

**Operating – Change in Pledges Receivable** is comprised of pledges added, paid, and written off.

**Operating – Investment Income** is comprised of investment earnings, changes in values of life insurance and split interest agreements, and gain/loss on land held for investment purposes.

**Operating – Other Revenue** is comprised of rental income and fees from various rental properties owned by the Foundation, including College Square student residence and the Enterprise Center along with revenue from special events.

**Endowment Additions** are permanently restricted contributions added to the endowment fund.



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021**  
*(Continued)*

**EXPENSES**

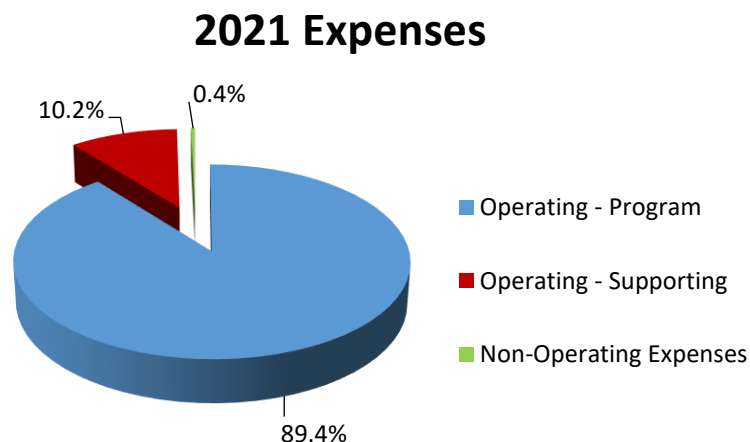
**Operating – Program Expenses** include scholarships, academic program and institutional support as well as distributions for temporarily restricted purposes. Also included in this category are expenses associated with donor relations, special events, student housing, and the Enterprise Center. A majority of operating program expenses are funded through earnings on endowments. Although the Foundation's fiscal year is January to December, endowment allocations are made in line with the College's academic and fiscal year which is July to June.

During 2021, the Foundation provided \$903,054 in scholarship support, \$604,625 in academic program support, and \$4,092,658 in institutional support. Overall, 2021 program expenses increased 50% as the College returned to in-person classes. Appleton Museum endowments held by the Foundation matured in 2015, and a 5-year agreement was reached to provide \$500,000 in support of Appleton Museum operations annually. In July 2017, an additional allocation was requested to fund all operations at the Appleton Museum in response to losing all state funding.

The Foundation Board of Directors approved an endowment-spending rate of 3.0% for endowed scholarship and chair awards during the 2021-22 academic year.

**Operating – Supporting Expenses** are comprised of general and administrative expenses, including personnel costs, insurance, utilities, and maintenance. In 2021, supporting expenses totaled \$759,399, an increase of 4.8%, or \$34,989 in comparison to 2020 expenses.

**Non-Operating Expenses**, which consists of interest expense, totaled \$28,620 for 2021 compared to \$42,522 in 2020, a decrease of 32.7%. This amount includes interest paid on the Foundation's long-term debt financing. The final payment for the College Square bond was made on January 2, 2014. Beginning December 2014, repayment to the College for College Square support began in accordance with an 11-year agreement approved by the Board during 2013. Due to COVID-19 and the resulting loss of rental revenues, the College deferred the 2020 payment for one year, which was paid during 2021 along with the current payment owed to the College. The Enterprise Center long-term debt was paid in full during 2021.



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. – OCALA, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021**  
*(Continued)*

**NET POSITION**

As a result of the foregoing activity, net position increased 10.4% or \$11,776,815, to \$125,264,581. Included in unrestricted net position are board-designated reserve accounts that have been established as follows:

Scholarship Reserve	\$ 1,525,652
Endowed Chair/Grant Reserve	450,429
Insurance Reserve	<u>32,000</u>
Total Reserves	<u>\$ 2,008,081</u>

**DEBT ADMINISTRATION**

	<u>December 2021</u>	<u>December 2020</u>
Long-term Debt:		
Bonds Payable	\$ -	\$ 484,998
Advances from the College	<u>380,343</u>	<u>580,343</u>
Total	<u>\$ 380,343</u>	<u>\$ 1,065,341</u>

**OTHER**

In 2011, the Foundation’s Board of Directors (the Board) completed its research into alternative options and strategies for management of the Foundation’s investment portfolio. At the end of that very lengthy and comprehensive process, the Board approved replacing the current investment advisor with a firm having specific expertise in managing educationally based endowed investments, including several educational foundations in Florida. This transition took place in late December 2011 and was fully implemented the first week of January 2012. In late 2013, the Board approved a 5% investment in core property and alternatives, implemented January 2014. Since inception with the current investment firm, the core endowment has earned 9.13% overall, with core property earning 9.68%. The Foundation’s total portfolio 3-year annualized return is 12.18%.

The Foundation is well positioned to continue to provide the College with resources to assist in carrying out its mission, to provide quality higher educational opportunities to the residents of Citrus, Levy, and Marion counties (our tri-county service area). The Foundation looks back with pride and forward with anticipation to the achievements made possible with the efforts and involvement of the Foundation’s Board and the College’s District Board of Trustees, our donors, volunteers, and community supporters.

**REQUESTS FOR INFORMATION**

This section of the Foundation’s annual financial report is designed to provide a general overview of the Foundation’s finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Chief Fiscal Officer, CF Foundation, 3001 SW College Rd, The Enterprise Center, 2nd Floor, Ocala, Florida 34474-4415 or by calling 352-873-5808.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 6,069,634
Bequest Receivable	1,000,000
Pledge Receivable, Current Portion, Net	1,022,000
Prepaid Expenses and Other Current Assets	122,861

**Total Current Assets**

8,214,495

**Capital Assets, Net**

Capital Assets Not Being Depreciated	19,438,547
Capital Assets Being Depreciated, Net	3,104,082

**Total Capital Assets, Net**

22,542,629

**Non-Current Assets**

Cash and Cash Equivalents - Endowment	1,814,884
Investments	93,543,486
Investments - Gift Annuity	115,539
Charitable Remainder Trusts	38,270
Cash Surrender Value of Life Insurance	20,884
Pledge Receivable, Non-Current Portion, Net	45,209

**Total Non-Current Assets**

95,578,272

**Total Assets**

126,335,396

**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Expenses	226,958
Scholarship Payable	219,492
Escrow - Housing Deposits	52,462
Unearned Revenue	37,647
Current Portion of Advances from College of Central Florida	100,000
Current Portion of Gift Annuity Payable	6,100

**Total Current Liabilities**

642,659

**Long-Term Liabilities**

Long-Term Portion of Advances from College of Central Florida	280,343
Long-Term Portion of Gift Annuity Payable	22,933

**Total Long-Term Liabilities**

303,276

**Total Liabilities**

945,935

**Deferred Inflows of Resources**

Charitable Remainder Trusts	38,270
Gift Annuity	86,610

**Total Deferred Inflows of Resources**

124,880

**NET POSITION**

**Net Position**

Net Investment in Capital Assets	22,542,629
Restricted:	
Non-Expendable	80,019,135
Expendable	3,446,944
Unrestricted:	
Undesignated	2,650,796
Board Designated	16,605,077

**Total Net Position**

\$ 125,264,581

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Operating Revenues</b>	
Private Contributions	\$ 3,869,572
Net Change in Pledges Receivable	(17,751)
Rental Income and Fees	986,651
Investment Income	10,709,880
Special Events	65,863
Support from College of Central Florida	469,072
<b>Total Operating Revenues</b>	<u>16,083,287</u>
<b>Operating Expenses</b>	
Program Services:	
Donor Relations	145,304
Institutional Support	4,092,522
Scholarships	903,054
Academic Program Support	604,512
Special Events	15,456
Student Housing	568,223
Enterprise Center	302,596
Total Program Services	<u>6,631,667</u>
Supporting Services:	
General Administration	759,823
Total Supporting Services	<u>759,823</u>
<b>Total Operating Expenses</b>	<u>7,391,490</u>
<b>Operating Income</b>	<u>8,691,797</u>
<b>Non-Operating Revenue (Expense)</b>	
Interest Expense	(28,620)
<b>Total Non-Operating Revenue</b>	<u>(28,620)</u>
<b>Change in Net Position Before Contributions</b>	8,663,177
<b>Private Endowment Contributions</b>	1,720,949
<b>Capital Contributions - Donated Art Collection</b>	<u>1,392,689</u>
<b>Change in Net Position</b>	11,776,815
<b>Net Position, Beginning of Year</b>	<u>113,487,766</u>
<b>Net Position, End of Year</b>	<u>\$ 125,264,581</u>

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Cash Flows from Operating Activities**

Cash Received from Donors	\$ 5,192,696
Cash Received from Rental Tenants	986,651
Cash Paid to College of Central Florida, Vendors, and Suppliers	(7,209,635)
Cash Received for Investments and Dividends	6,697,155
Cash Received from Sale of Investments	8,804,236
Cash Paid for Purchases of Investments	(13,029,207)

**Net Cash Used in Operating Activities**

1,441,896

**Cash Flows from Capital and Related Financing Activities**

Acquisition and Construction of Capital Assets	(32,205)
Bond Payments	(484,998)
Annuity Payments	(6,100)
Interest Paid on Debt	(28,620)
Payments on Advances from College of Central Florida	(200,000)

**Net Cash Used in Financing Activities**

(751,923)

**Net Increase (Decrease) in Cash and Cash Equivalents**

689,973

**Cash and Cash Equivalents, Beginning of Year**

7,194,545

**Cash and Cash Equivalents, End of Year**

7,884,518

**Shown on the Statement of Net Position as:**

Cash and Cash Equivalents	6,069,634
Cash and Cash Equivalents - Endowment	1,814,884

**Total Cash and Cash Equivalents**

7,884,518

**Reconciliation of Operating Income to Net Cash**

**Used in (Provided by) Operating Activities**

Operating Income	8,691,797
Adjustments to Reconcile Operating Income to Net Cash	
Used in (Provided by) Operating Activities:	
Depreciation and Amortization	179,806
Donation of Stock	355,822
Net Realized and Unrealized Gain on Investments	(8,593,518)
Private Endowment Contributions	1,720,949
Decrease (Increase) in:	
Charitable Remainder Trusts	(2,196)
Bequest Receivable	-
Pledges Receivable	(930,013)
Prepaid Expenses and Other Current Assets	(19,427)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	38,663
Scholarships Payable	(17,187)
Escrow - Housing Deposits	17,135
Unearned Revenue	8,299
Gift Annuity Payable	(8,234)
Total Adjustments	<u>(7,249,901)</u>

**Net Cash Used in (Provided by) Operating Activities**

\$ 1,441,896

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Nature of Organization**—The College of Central Florida Foundation, Inc. (the Foundation) is a direct support organization as provided for in Section 240.331, Florida Statutes, and is considered a component unit of the College of Central Florida (the College) in Ocala, Florida. The Foundation was formed in 1959 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their collegiate training and to provide the College with funds to carry on any proper activity at the College.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

**Fund Accounting**—To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Foundation's financial activity is accounted for in a single enterprise fund, which is broken down into the following sub-accounts:

*Operating Account*—Includes unrestricted and restricted resources and represents the portion of expendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively.

*Endowment Account*—Records non-expendable donations received by the Foundation subject to donor-imposed restrictions and unrestricted donations received by the Foundation subject to designation by the Foundation's Board of Directors (the Board), requiring that the principal be invested in perpetuity and that only income (including appreciation) can be used for scholarships and endowed chair activities. The endowment principal balance fluctuates as investment income, including realized and unrealized appreciation, and is allocated to each endowment on a pro rata basis based on its balance as a percentage of the total endowment fund. Beginning in 1992, the Board approved the unrestricted operating fund to charge up to a 2.5% reinvestment fee against current earnings to recover the costs of administering endowment and general operations. During the 2021 fiscal year, a reinvestment fee of 1.85% was charged on active endowments. The spending rate for the endowments is set by the Board. During the 2021 fiscal year, a spending rate of 3% was approved.

*Museum Collection Account*—Consists of the artwork and collections of the Appleton Museum of Art. Art acquisitions are recorded at cost if purchased or at market value on the date of receipt if donated, based on a bona fide appraisal. Although the artwork and collections have been capitalized, they are considered inexhaustible and, therefore, not depreciable.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

*Student Housing Account*—Includes the student housing facility and related debt to further assist students attending the College. Rental revenues and operating and maintenance expenses are also recorded in the account.

*Enterprise Center Account*—Includes office building and related debt. Rental revenues and operating expenses are also recorded in the account.

**Net Position**—The Foundation classifies its net position into the following two categories:

*Net Investment in Capital Assets*—Represents the Foundation's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should also be included in this component of net position.

*Restricted*—The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

**Non-Expendable Restricted Net Position**—Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**Expendable Restricted Net Position**—Includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted*—The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

**Classification of Revenues**—The Foundation classifies its revenues as operating or non-operating according to the following criteria:

*Operating Revenues*—Include the primary activities of contributions from donors, program revenues, investment income, rental activities, and special events.

*Non-Operating Revenues*—Include revenues derived from contributions restricted for capital additions or endowments.

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**Donor Restricted Endowments**—Investment income, including unrealized appreciation and depreciation, is allocated to each endowment 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. The Foundation accounts for endowments using the total return method, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount is stated in the investment policy.

**Cash and Cash Equivalents**—Cash and cash equivalents consist of cash, certificates of deposit, money market accounts, and highly liquid fixed income investments with original maturities of three months or less. Cash and cash equivalents that are part of the endowment account are classified as non-current assets in the statement of net position, as they are not intended to be used for current operating costs.

**Capital Assets**—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets, which range from five years for most equipment to forty years for buildings.

**Bequest Receivable**—Asset left to the Foundation through the provisions of a will or an estate plan that has not been received as of the end of the fiscal year.

**Pledges Receivable**—Legally enforceable pledges, less an allowance for uncollectible amounts, are recorded as a receivable and revenue in the year made for current period use. Pledges for endowments are considered voluntary non-exchange transactions and the contribution cannot be recognized until all the eligibility requirements are met, including time restrictions. Therefore, pledges for endowments are not recorded on the financial statements until the funds are received.

**Investments**—The Foundation follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this provision, contributed marketable securities are recorded at their fair value at the date of donation. Purchased marketable securities are recorded and carried at fair value with increases and decreases being charged and credited to the statement of revenues, expenses, and changes in net position.

**Accrued Compensated Absences**—The Foundation accrues accumulated unpaid vacation and sick leave and associated employer-related costs when earned (or estimated to be earned) by the employee. Eligible employees are entitled to annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave. A maximum of 450 hours may be carried over from year to year, of which 330 hours will be paid upon termination. Sick leave balances accrue for employees who are actively employed and who have completed ten years of service. However, payment upon termination is limited to the lesser of 60 days or 1/2 of the employee's sick leave balance for those employees who were hired on or after July 1, 1998, or 1/2 of the employee's sick leave balance for those employees hired prior to July 1, 1998.

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



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**Income Taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. Contributions to the Foundation qualify for the charitable contribution tax deduction.

**Donated Property, Materials, and Services**—Donated property used to further the purposes of the Foundation is recorded at estimated fair value at the time of donation. Donated materials and services used to further the purposes of the Foundation are recorded at the amount it deems it would reasonably pay to obtain such materials and services. The Foundation frequently receives donations of property and materials, which it in turn, contributes to the College. These amounts are not recorded in the Foundation's accounting records.

**Split Interest Agreements**—The Foundation has adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. In accordance with GASB Statement No. 81, assets received under split-interest agreements are recorded as follows:

- Assets for Resources Received or Receivable
- A Liability for the Lead Interest that is Assigned to Other Beneficiaries
- A Deferred Inflow of Resources for the Government's Unconditional Remainder Interest

Changes in assets recognized pursuant to irrevocable split-interest agreements, such as those resulting from interest, dividends, and changes in fair value, are recognized as an increase or decrease in the related deferred inflow of resources. The amount recognized as the liability representing the lead interest assigned to other beneficiaries, have been recorded based on the settlement amount as measured by an evaluation technique that incorporates assumptions reflecting the specific provisions of the agreements. Those assumptions include: (a) the payment provisions of the agreement; (b) the estimated rate of return of the assets; (c) the mortality rate (if the term is life-contingent); and (d) the discount rate if a present value technique is used.

For agreements in which the Foundation is the lead interest beneficiary, the Foundation will recognize revenue for the beneficial interest applicable to the reporting period as stipulated in the irrevocable split-interest agreement. For agreements in which the Foundation is the remainder interest beneficiary, the Foundation will recognize revenue for the beneficial interest at the termination of the agreements, as stipulated in the irrevocable split-interest agreement.

**Note 2 - Rental Income**

Rental income is received by the Foundation from the following sources:

- A 99-year lease on property located in Columbus, Ohio, was donated. Rent of \$2,500 is payable in advance every three months. The lease expires in the year 2022 and is renewable in perpetuity at the option of the lessee.
- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$1,100 is payable monthly on the 1<sup>st</sup> of each month. The current lease expires on December 31, 2022.

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- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$1,200 is payable on the 1<sup>st</sup> of each month. The lease expires on March 31, 2023.
- College Square, a 48-unit student residence that houses 192 students, charges monthly rent of between \$455 and \$500, depending on the length of lease. The length of a lease varies, depending on the tenants' needs. The Foundation has contracted with Roberts Real Estate, Inc., since January 2018 to manage the property. The property's daily operations are handled through the management office at College Square.
- The Enterprise Center, a commercial office building, is leased to various organizations with purposes consistent to the College's goals of educating and providing employment opportunities to its graduating students. CareerSource Citrus Levy Marion leases space on the second floor. The Small Business Development Center and Corporate College occupy the first floor, along with several other small business ventures.

Rental income to be received over the next five years under non-cancellable operating leases is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Rental Income</u>
2022	\$ 242,253
2023	240,233
2024	244,530
2025	-
2026	-

**Note 3 - Cash, Cash Equivalents, and Investments**

Investments are recorded at fair value. Securities traded on a national exchange are valued at the last reported sales price. Corporate bonds not traded on a national exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of real estate investments is based on independent appraisals. Investments in hedge funds are generally valued at fair value, by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuations of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. Other investments not having an established market are recorded at estimated fair value.

The Foundation has established an investment policy for its endowed investments. The majority of its endowed investments are managed by SEI Investments Management Corp. The Foundation has a separate investment policy for the Edith Marie Appleton Endowment and Arthur Appleton Endowment, which are managed by the Northern Trust Company. The Foundation's investment managers are required to oversee the management of the portfolios pursuant to investment policies adopted by the Board.

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In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Foundation's investments in securities and investment funds are reported by investment type at fair value in the composition of investments below:

<b>Endowment Investment</b>	<b>Maturities (Years)</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Fair Value Measurement Level</b>
Edith Marie Appleton Endowment:				
Government/Corporate Bond	5.51	AA	\$ 799,368	1
High Yield Bonds	5.02	B	321,108	1
Equities	N/A	N/A	3,812,149	1
Global Real Estate	N/A	N/A	86,816	1
Cash and Cash Equivalents	N/A	N/A	<u>394,450</u>	N/A
<b>Total</b>			<u>5,413,891</u>	
Arthur Appleton Endowment:				
Government/Corporate Bonds	5.51	AA	2,667,557	1
High Yield Bonds	5.02	B	1,071,574	1
Equities	N/A	N/A	12,645,037	1
Global Real Estate	N/A	N/A	289,721	1
Cash and Cash Equivalents	N/A	N/A	<u>1,390,216</u>	N/A
<b>Total</b>			<u>18,064,105</u>	
Other Endowment Investments:				
Investment Grade Fixed Income	5.55	AA	15,006,379	1
Non-Investment Grade Fixed Income	4.14	BB	3,367,039	1
Investment Bonds	9.95	BB	3,071,255	1
U.S. Equity Funds	N/A	N/A	20,940,061	1
Equities	N/A	N/A	22,866,161	1
Hedge Funds	N/A	N/A	4,738,720	2
Cash and Cash Equivalents	N/A	N/A	<u>30,217</u>	N/A
<b>Total</b>			<u>70,019,832</u>	
<b>Total Endowment Investment (Including Cash)</b>			<u>\$ 93,497,828</u>	

Non-endowed assets held for various temporarily restricted and unrestricted purposes are invested separately and managed in accordance with the Board's approval for non-endowed investments:

<b>Non-Endowment Investment</b>	<b>Maturities (Years)</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Fair Value Measurement Level</b>
Other Investments:				
Investment Grade Fixed Income	4.86	AA	\$ 1,618,936	1
Non-Investment Grade Fixed Income	4.14	BB	200,632	1
Investment Bonds	9.95	BB	156,513	1
Cash and Cash Equivalents	N/A	N/A	<u>6,069,634</u>	N/A
<b>Total</b>			<u>8,045,715</u>	
<b>Total All Cash and Investments</b>			<u>\$ 101,543,543</u>	

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Both endowed and non-endowed investments are shown in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$ 6,069,634
Cash and Cash Equivalents - Endowment	1,814,884
Investments	93,543,486
Investments - Gift Annuity	<u>115,539</u>
<b>Total</b>	<b><u>\$ 101,543,543</u></b>

The Foundation categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, which are based on matrix pricing or evaluated pricing methodologies; Level 3 inputs are significant unobservable inputs. The Foundation does not have any investments that are Level 3 inputs.

GASB Statement No. 40 establishes disclosure requirements related to the following types of investment risks:

*Credit Risk*—Credit risk relates to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit for debt securities of the Foundation are displayed in the above schedule. Investment ratings are from Moody's Investor Services, Inc., Standard & Poor's, and Fitch. SEI Investments Management Corp. manages the other endowed investments and seeks "real return" for the portfolio. Fixed income securities managed by SEI Investments Management Corp. may invest in debt securities of any credit quality and with a broad range of maturities.

*Interest Rate Risk*—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The weighted average maturity for the Arthur Appleton Endowment and the Edith Marie Appleton Endowment and the duration for the Other Endowed Investments are presented in the above schedule.

*Custodial Credit Risk*—For deposits at December 31, 2021, cash and cash equivalents, including cash and cash equivalents held in endowment, were held by depositories, and the bank balances amounted to \$7,884,119. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. There are funds that are not insured by the Federal Deposit Insurance Corporation; this primarily includes funds held as investments by the Foundation.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

■ **Arthur Appleton Endowment and Edith Marie Appleton Endowment**

All investments are held in a counterparty account for the Northern Trust Company, a trust department, as custodian for the above referenced client accounts.

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■ **Other Endowed Investments**

All investments are held by SEI Investments Management Corp., a trust department, as custodian for the above referenced client accounts.

*Concentration of Credit Risk*—Disclosure of any issuer of investments that in the aggregate are 5% or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt). As of December 31, 2021, there were no concentrations of credit risk.

*Foreign Currency Credit Risk*—Investments include exposure to international equity securities. Fluctuating exchange rates will have an impact on the performance of those investments. No investments are completed with the sole intent to profit from changes in foreign currency exchange rates.

**Note 4 - Charitable Gift and Remainder Annuity Trusts**

As of December 31, 2021, the Foundation holds a remainder interest in several charitable remainder trusts. Under the terms of these trusts, the beneficiaries are to receive annual distributions during the lifetime of the donor(s). Upon the death of the donor(s), the funds remaining will be endowed or spent in accordance with the wishes of the donor(s).

As of December 31, 2021, the Foundation has entered into charitable gift annuity agreements with donors. Under terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 6.1% and 7.3% of the original principal of the trust for the life of the donor(s). The present value of the annuity payment liabilities at December 31, 2021, has been calculated based on the respective payouts and discount rates as determined by the trust documents. This amount is reflected on the balance sheet as a gift annuity liability. Upon the death of the donor(s), any funds remaining will be endowed or spent in accordance with the wishes of the donor(s) (see Note 10 for change in the liability for the fiscal year ended December 31, 2021).

**Note 5 - Capital Assets**

A summary of Appleton Museum of Art and all other property and equipment of the Foundation is as follows at December 31, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Student Housing and Rental Houses</b>				
Property and Equipment Not Being Depreciated:				
Land	\$ 459,640	\$ -	\$ -	\$ 459,640
Capital Assets Being Depreciated:				
Student Housing Buildings and Improvements	3,558,076	32,205	-	3,590,281
Rental Houses	109,237	-	-	109,237
Total Capital Assets Being Depreciated	3,667,313	32,205	-	3,699,518
Less Accumulated Depreciation:				
Student Housing Buildings and Improvements	(2,076,197)	(101,775)	-	(2,177,972)
Rental Houses	(65,000)	(3,395)	-	(68,395)
Total Accumulated Depreciation	(2,141,197)	(105,170)	-	(2,246,367)
Total Capital Assets Being Depreciated, Net	1,526,116	(72,965)	-	1,453,151
<b>Total Student Housing and Rental Houses, Net</b>	<b>\$ 1,985,756</b>	<b>\$ (72,965)</b>	<b>\$ -</b>	<b>\$ 1,912,791</b>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Other Capital Assets</b>				
Capital Assets Not Being Depreciated:				
Appleton Collection and Artwork	\$ 17,194,166	\$ 1,392,689	\$ -	\$ 18,586,855
Other Donated Collections and Artwork	46,201	-	-	46,201
Land - Lot 7, College Park	16,000	-	-	16,000
Land - Ohio Downtown Commercial Property	160,000	-	-	160,000
Land - Orange Lake, Marion County	169,851	-	-	169,851
Total Capital Assets Not Being Depreciated	17,586,218	1,392,689	-	18,978,907
Capital Assets Being Depreciated:				
Buildings - Enterprise Center	2,985,432	-	-	2,985,432
Equipment - Enterprise Center	38,539	-	-	38,539
Office Equipment	1,250	-	-	1,250
Total Capital Assets Being Depreciated	3,025,221	-	-	3,025,221
Less Accumulated Depreciation:				
Buildings - Enterprise Center	(1,259,865)	(74,636)	-	(1,334,501)
Equipment - Enterprise Center	(38,539)	-	-	(38,539)
Office Equipment	(1,250)	-	-	(1,250)
Total Accumulated Depreciation	(1,299,654)	(74,636)	-	(1,374,290)
Total Capital Assets Being Depreciated, Net	1,725,567	(74,636)	-	1,650,931
<b>Other Capital Assets, Net</b>	19,311,785	1,318,053	-	20,629,838
<b>Total Capital Assets - at Cost</b>	24,738,392	1,424,894	-	26,163,286
<b>Total Accumulated Depreciation</b>	(3,440,851)	(179,806)	-	(3,620,657)
<b>Total Capital Assets, Net</b>	\$ 21,297,541	\$ 1,245,088	\$ -	\$ 22,542,629

Total depreciation expense for the year ended December 31, 2021, was \$179,806.

The total value of the artwork and collections at the Appleton Museum of Art exceeds the \$18,586,855, which is recorded in the accounting records of the Foundation, based on a professional appraisal of the top items in the collection, together with acquisitions that have been made since that time. The remaining items in the collection that were not appraised have not been included in the capitalization of the collection. During 2021, the Appleton Museum of Art received the collection of artwork owned by Florida Institute of Technology's Foosaner Art Museum and Ruth Funk Center for Textile Arts. This collection was previously appraised by the donor and valued at \$4.6 million. The Appleton Museum of Art has begun the process of evaluating the collection to determine which items will be accessioned into the permanent collection. At this time, it has been determined that items valued at approximately \$1.4 million will be accessioned, capitalized, and added to the permanent collection.

**Note 6 - Net Position**

Net position consists of the following at December 31, 2021:

**Operating Account**

Unrestricted:

Board Designated Revenue for Scholarships	\$ 1,525,652	
Board Designated Revenue for Chairs	450,429	
Board Designated Revenue for Insurance	32,000	
Undesignated	2,172,329	
Net Investment in Capital Assets	345,851	
Total Unrestricted Operating Account		\$ 4,526,261

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Restricted:		
Restricted for Annual and Major Gifts Campaign	\$ 390,957	
Restricted for Other Uses	<u>3,055,987</u>	
Total Restricted Operating Account		\$ <u>3,446,944</u>
<b>Total Operating Account</b>		<u><u>7,973,205</u></u>
<b>Endowment Account</b>		
Non-Expendable:		
Total Endowed for Scholarships	33,217,928	
Total Endowed for Appleton Museum	23,484,077	
Total Endowed for Chairs	17,434,998	
Total Promise for Future Endowment	4,642,350	
Total Endowed for Other Purposes	<u>1,239,782</u>	
Total Non-Expendable		80,019,135
Board Designated:		
Board Designated Scholarships	7,601,849	
Board Designated Chairs	6,968,730	
Board Designated Other	<u>26,417</u>	
Total Board Designated		<u>14,596,996</u>
<b>Total Endowment Account</b>		<u><u>94,616,131</u></u>
<b>Museum Collection Account</b>		
Invested in Capital Assets	<u>18,633,056</u>	
<b>Total Museum Collection Account</b>		<u><u>18,633,056</u></u>
<b>Student Housing Account</b>		
Invested in Capital Assets	1,912,790	
Unrestricted	<u>394,763</u>	
<b>Total Student Housing Account</b>		<u><u>2,307,553</u></u>
<b>Enterprise Center Account</b>		
Invested in Capital Assets	1,650,932	
Unrestricted	<u>83,704</u>	
<b>Total Enterprise Center Account</b>		<u><u>1,734,636</u></u>
<b>Total Net Position</b>		<u><u>\$ 125,264,581</u></u>

**Note 7 - Scholarships**

Foundation scholarships are awarded to individuals according to the stipulations placed on the scholarship by the donor or the Foundation. Scholarships are awarded to eligible students through the College Financial Aid Office and certified by the Director of Financial Aid when the requirements in the donor letter of understanding are satisfied.

Scholarship expense was recognized in the following accounts during the year ended December 31, 2021:

From Endowment Accounts	\$ 782,026
From Restricted Accounts	121,028
From Unrestricted Accounts	-
<b>Total</b>	<u><u>\$ 903,054</u></u>

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**Note 8 - Academic Program Support**

The Foundation expended a total of \$604,625 for academic program support. In 1994, the Foundation began an endowed chairs program. The expenses for academic program support consisted of the following types of expenses:

Endowed Chairs Program	\$ 264,272
Professional Fees	<u>340,353</u>
<b>Total</b>	<b><u>\$ 604,625</u></b>

All chairs are funded from endowed investment earnings. Currently, there are five endowed chair categories:

- Category 1 - Teaching and Learning Environment
- Category 2 - State-of-the-Art Learning
- Category 3 - Cultural Environment
- Category 4 - Educational Environment
- Category 5 - New Initiative

**Note 9 - Support from College of Central Florida**

All employees of the Foundation are considered employees of the College. All salaries, benefits, retirement benefits through the Florida Retirement System, and payroll taxes are paid by the College. The Foundation agreed to reimburse the College for a portion of such payroll expenses for the year ended December 31, 2021, based on a memorandum of understanding. Actual expenses of \$634,374 exceeded the payments of \$255,695 made by the Foundation, of which \$378,679 is included as support from the College and personnel expenses in the statement of revenues, expenses, and changes in net position.

**Note 10 - Long-Term Liabilities**

The Foundation's long-term liabilities include advances, bonds payable, and gift annuities. The following is a schedule of changes in the Foundation's non-current liabilities for the fiscal year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<b>Business-Type Activities</b>					
Long-Term Advances from the					
College Direct Placement	\$ 580,343	\$ -	\$ 200,000	\$ 380,343	\$ 100,000
Enterprise Center Revenue Bonds					
Direct Borrowings	484,998	-	484,998	-	-
Gift Annuity	<u>43,367</u>	<u>-</u>	<u>14,334</u>	<u>29,033</u>	<u>6,100</u>
<b>Total Non-Current Liabilities</b>	<b><u>\$ 1,108,708</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 699,332</u></b>	<b><u>\$ 409,376</u></b>	<b><u>\$ 106,100</u></b>



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*Advances from College of Central Florida, Direct Placement*—During December 2003, the Foundation agreed to legally obligate itself to the College in the form of an uncollateralized, non-interest bearing advance to assist with unfunded debt service and operating costs associated with College Square, the student housing complex constructed by the Foundation in 1994. The cumulative total of these advances totaled \$1,180,343, of which the Foundation and the College worked out a repayment plan and began repayment in 2014, the date that the long-term debt associated with the project is paid in full. During 2021, the Foundation imputed interest on the balance outstanding at the rate of 3.25%, the prime rate at December 31, 2021.

Following is a debt service schedule of these advances for the year ended December 31, 2021:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 100,000	-	100,000
2023	100,000	-	100,000
2024	180,343	-	180,343
2025	-	-	-
<b>Total Debt Service</b>	<u>\$ 380,343</u>	<u>\$ -</u>	<u>\$ 380,343</u>

*Enterprise Center Revenue Bonds, Direct Borrowing*—In May 2003, the Foundation issued tax-exempt Industrial Development Revenue Bonds, Series 2003 A1 with a 20-year maturity through the Florida Development Finance Corp. to construct a 25,400 sq. ft. office building known as the Enterprise Center for lease on the Ocala campus of the College. The bonds were refinanced in 2010 for \$1,800,000. These bonds were paid in full as of December 31, 2021.

Amount of Bonds Refinanced	\$1,800,000
Amount of Bonds Issued	\$2,000,000
Repayments Terms	Interest Rate: 4.125% fixed for five years; adjusted to 4.2% in June 2015, the rate was adjusted to 3.83% in June 2020. Monthly Payments of principal and interest.
Security	First mortgage on real property consisting of 25,400 sq. ft. office building; first lien on personal property; assignments of rent, contracts, and leases.
Bondholder	MidFlorida Credit Union

**Note 11 - Operating Lease**

The Foundation leases utility and maintenance services from the College. Utility and maintenance expense under the lease agreement for the year ended December 31, 2021, was \$219,278.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 225,875
2023	232,651
2024	239,631
2025	246,820
2026	<u>254,225</u>
<b>Total</b>	<u>\$ 1,199,202</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 12 - Insurance Policies**

The Foundation is the owner of two life insurance policies that have cash surrender values totaling \$20,884.

**Note 13 - Risk Management**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Foundation or College carries commercial insurance. Insurance against losses are provided through the Florida Community College Risk Management Consortium and others for the following types of risk:

Workers' Compensation  
Health

Property Damage  
Liability

**Note 14 - Annual Fund and Major Gifts Campaign**

The Foundation, at the request of the College, conducts an annual fund campaign to support growth beyond the traditional revenue sources.

Pledges received for temporarily restricted purposes are recorded when made by the donor, less an uncollectible allowance. Pledge receivable activity is summarized as follows:

<b>Pledges Receivable, December 31, 2020, Gross</b>	\$ 155,000
Additions	1,023,252
Payments Received	(77,299)
Current Year Write-Offs	(953)
<b>Pledges Receivable, December 31, 2021, Gross</b>	1,100,000
Allowance for Uncollectible Pledges	(28,000)
Discount to Net Present Value	(4,791)
<b>Pledges Receivable, December 31, 2021</b>	<u>\$ 1,067,209</u>

Shown in the financial statements as:

Current	\$ 1,022,000
Non-Current	45,209
<b>Total</b>	<u>\$ 1,067,209</u>

All contributions and pledges received for the annual fund and capital campaigns are recorded in the restricted operating account since the Foundation is obligated to spend the resources in accordance with the restrictions imposed by the donors.

## **OTHER INFORMATION**

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2021**

	Enterprise Fund						Total
	Operating		Endowment	Museum Collection Account	Student Housing Account	Enterprise Center Account	
	Unrestricted Account	Restricted Account					
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 1,921,575	\$ 3,242,433	\$ -	\$ -	\$ 827,318	\$ 78,308	\$ 6,069,634
Bequest Receivable	-	250,000	750,000	-	-	-	1,000,000
Pledges Receivable, Current Portion, Net	-	22,000	1,000,000	-	-	-	1,022,000
Prepaid Expenses and Other Current Assets	68,224	2,504	46,475	-	250	5,408	122,861
Total Current Assets	1,989,799	3,516,937	1,796,475	-	827,568	83,716	8,214,495
Capital Assets, Net							
Capital Assets Not Being Depreciated	345,851	-	-	18,633,056	459,640	-	19,438,547
Capital Assets Being Depreciated, Net	-	-	-	-	1,453,150	1,650,932	3,104,082
Total Capital Assets, Net	345,851	-	-	18,633,056	1,912,790	1,650,932	22,542,629
Non-Current Assets							
Cash and Cash Equivalents - Endowment	-	-	1,814,884	-	-	-	1,814,884
Investments	1,976,081	-	91,567,405	-	-	-	93,543,486
Investments - Gift Annuity	-	-	115,539	-	-	-	115,539
Charitable Remainder Trusts	-	-	38,270	-	-	-	38,270
Cash Surrender Value of Life Insurance	-	-	20,884	-	-	-	20,884
Interfund Advances	308,013	14,786	(322,799)	-	-	-	-
Pledges Receivable, Non-Current Portion, Net	-	45,209	-	-	-	-	45,209
Total Non-Current Assets	2,284,094	59,995	93,234,183	-	-	-	95,578,272
Total Assets	\$ 4,619,744	\$ 3,576,932	\$ 95,030,658	\$ 18,633,056	\$ 2,740,358	\$ 1,734,648	\$ 126,335,396

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2021**

	Enterprise Fund						
	Operating		Endowment Account	Museum Collection Account	Student Housing Account	Enterprise Center Account	Total
	Unrestricted Account	Restricted Account					
LIABILITIES							
Current Liabilities							
Accounts Payable and Accrued Expenses	\$ 57,124	\$ 100,475	\$ 69,347	\$ -	\$ -	\$ 12	\$ 226,958
Scholarships Payable	-	28,225	191,267	-	-	-	219,492
Escrow - Housing Deposits	-	-	-	-	52,462	-	52,462
Unearned Revenue	36,359	1,288	-	-	-	-	37,647
Current Portion of Advances from College of Central Florida	-	-	-	-	100,000	-	100,000
Current Portion of Gifts Annuity Payable	-	-	6,100	-	-	-	6,100
Total Current Liabilities	93,483	129,988	266,714	-	152,462	12	642,659
Long-Term Liabilities							
Long-Term Portion of Advances from College of Central Florida	-	-	-	-	280,343	-	280,343
Gift Annuity Payable	-	-	22,933	-	-	-	22,933
Total Long-Term Liabilities	-	-	22,933	-	280,343	-	303,276
Total Liabilities	\$ 93,483	\$ 129,988	\$ 289,647	\$ -	\$ 432,805	\$ 12	\$ 945,935
Deferred Inflows of Resources							
Charitable Remainder Trusts	\$ -	\$ -	\$ 38,270	\$ -	\$ -	\$ -	\$ 38,270
Gift Annuity	-	-	86,610	-	-	-	86,610
Total Deferred Inflows of Resources	\$ -	\$ -	\$ 124,880	\$ -	\$ -	\$ -	\$ 124,880
NET POSITION							
Net Position							
Net Investment in Capital Assets	\$ 345,851	\$ -	\$ -	\$ 18,633,056	\$ 1,912,790	\$ 1,650,932	\$ 22,542,629
Restricted:							
Non-Expendable	-	-	80,019,135	-	-	-	80,019,135
Expendable	-	3,446,944	-	-	-	-	3,446,944
Unrestricted:							
Undesignated	2,172,329	-	-	-	394,763	83,704	2,650,796
Board Designated	2,008,081	-	14,596,996	-	-	-	16,605,077
Total Net Position	\$ 4,526,261	\$ 3,446,944	\$ 94,616,131	\$ 18,633,056	\$ 2,307,553	\$ 1,734,636	\$ 125,264,581

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund						
	Operating		Endowment	Museum	Student	Enterprise	Total
	Unrestricted	Restricted					
	Account	Account	Account	Collection	Housing	Center	
				Account	Account	Account	
<b>Operating Revenue</b>							
Private Contributions	\$ 70,221	\$ 3,799,351	\$ -	\$ -	\$ -	\$ -	\$ 3,869,572
Change in Pledges Receivable	-	(17,751)	-	-	-	-	(17,751)
Rental Income and Fees	11,800	-	-	-	712,256	262,595	986,651
Investment Income	3,755	64	10,706,061	-	-	-	10,709,880
Special Events	65,408	455	-	-	-	-	65,863
Support from College of Central Florida	456,711	-	-	-	12,361	-	469,072
<b>Total Operating Revenue</b>	<b>607,895</b>	<b>3,782,119</b>	<b>10,706,061</b>	<b>-</b>	<b>724,617</b>	<b>262,595</b>	<b>16,083,287</b>
<b>Operating Expenses</b>							
Program Services:							
Donor Relations	144,384	920	-	-	-	-	145,304
Institutional Support	57,091	3,481,819	553,612	-	-	-	4,092,522
Scholarships	-	121,028	782,026	-	-	-	903,054
Academic Program Support	-	-	604,512	-	-	-	604,512
Special Events	15,456	-	-	-	-	-	15,456
Student Housing	-	-	-	-	568,223	-	568,223
Enterprise Center	-	-	-	-	-	302,596	302,596
<b>Total Program Services</b>	<b>216,931</b>	<b>3,603,767</b>	<b>1,940,150</b>	<b>-</b>	<b>568,223</b>	<b>302,596</b>	<b>6,631,667</b>
<b>Supporting Services</b>							
General Administration	758,437	711	675	-	-	-	759,823
<b>Total Support Services</b>	<b>758,437</b>	<b>711</b>	<b>675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>759,823</b>
<b>Total Operating Expenses</b>	<b>975,368</b>	<b>3,604,478</b>	<b>1,940,825</b>	<b>-</b>	<b>568,223</b>	<b>302,596</b>	<b>7,391,490</b>
<b>Operating Income (Loss)</b>	<b>\$ (367,473)</b>	<b>\$ 177,641</b>	<b>\$ 8,765,236</b>	<b>\$ -</b>	<b>\$ 156,394</b>	<b>\$ (40,001)</b>	<b>\$ 8,691,797</b>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund						Total
	Operating		Endowment	Museum	Student	Enterprise	
	Unrestricted	Restricted					
	Account	Account	Account	Account	Account	Account	
<b>Non-Operating Revenue (Expense)</b>							
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ (12,361)	\$ (16,259)	\$ (28,620)
<b>Total Non-Operating Revenue (Expense)</b>	-	-	-	-	(12,361)	(16,259)	(28,620)
<b>Change in Net Position Before Endowment</b>							
<b>Contributions and Transfers</b>	(367,473)	177,641	8,765,236	-	144,033	(56,260)	8,663,177
<b>Endowment Contributions and Transfers</b>							
Private Endowment Contributions	-	-	1,720,949	-	-	-	1,720,949
Interfund Transfers	465,513	(1,394,077)	174,597	1,392,689	99,995	464,528	1,203,245
Endowment Reinvestment Fees	-	-	(1,203,245)	-	-	-	(1,203,245)
Capital Contributions	-	1,392,689	-	-	-	-	-
<b>Total Endowment Contributions and Transfers</b>	465,513	(1,388)	692,301	1,392,689	99,995	464,528	1,720,949
<b>Change in Net Position</b>	98,040	176,253	9,457,537	1,392,689	244,028	408,268	11,776,815
<b>Net Position, Beginning of Year</b>	4,428,221	3,270,691	85,158,594	17,240,367	2,063,525	1,326,368	113,487,766
<b>Net Position, End of Year</b>	\$ 4,526,261	\$ 3,446,944	\$ 94,616,131	\$ 18,633,056	\$ 2,307,553	\$ 1,734,636	\$ 125,264,581

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF  
THE UNITED STATES**



**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  
College of Central Florida Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 9, 2022.

**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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**CERTIFIED PUBLIC ACCOUNTANTS**

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Board of Directors  
College of Central Florida Foundation, Inc.

**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**

**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.



May 9, 2022  
Ocala, Florida