

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

**A COMPONENT UNIT OF  
NORTHWEST FLORIDA STATE COLLEGE**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
Northwest Florida State College Foundation, Inc.  
Niceville, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northwest Florida State College Foundation, Inc. (the "Foundation"), a direct support organization and component unit of the Northwest Florida State College as of and for the years ended June 30, 2023 and 2022, 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 respective financial position of the Foundation as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Northwest Florida State College Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Management's Responsibility for the Financial Statements***

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

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

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***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 on pages 4 through 11 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 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, 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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
November 28, 2023

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

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## **INTRODUCTION**

The following discussion and analysis provides an overview of the financial position and activities of the Northwest Florida State College Foundation, Inc. (the "Foundation") for the fiscal year ended June 30, 2023, with comparative information for fiscal years ending 2022 and 2021, and should be read in conjunction with the financial statements and notes thereto. This report includes financial statements presented and prepared with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) as this is the presentation used in the Northwest Florida State College (the "College") Annual Financial Report. Foundation management has prepared the financial statements and related note disclosures along with the discussion and analysis. The responsibility for the completeness and fairness of this information rests with Foundation management.

The Foundation is a Florida not-for-profit corporation formed in 1988 to encourage, solicit, receive and administer gifts and bequests of property and funds to support the College and advance its mission and objectives. The Foundation is a direct support organization of the College.

## **FINANCIAL HIGHLIGHTS**

The Foundation's financial position remained strong at June 30, 2023, with total assets of \$61,359,589 and liabilities of \$45,794, resulting in a net position of \$61,313,795 at June 30, 2023. Net position increased from July 1, 2022 to June 30, 2023 by 6.90%.

The Foundation's investments increased 7.14% from July 1, 2022 to June 30, 2023 after a reported decrease of 7.25% from July 1, 2021 to June 30, 2022. The decrease and subsequent increase were principally due to financial market conditions. The Foundation maintains an investment policy that is well diversified and moderately invested, targeting 55% equity and 30% fixed income, with the remainder in alternative investments and cash.

## **USING THIS ANNUAL REPORT**

The financial statements consist of three basic financial statements: (1) the statement of net position; (2) the statement of revenues, expenses and changes in net position; and (3) the statement of cash flows. These financial statements are prepared in accordance with GASB accounting principles and guidelines, which establish standards for external financial reporting for public colleges, universities and other governmental entities. The Foundation is required to prepare its annual report in accordance with GASB due to its formation under Florida Statute 1004.70 and the component unit relationship with the College. These statements present a long-term view of the Foundation's finances.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

**THE STATEMENT OF NET POSITION**

The statement of net position presents the financial position of the Foundation at the end of the fiscal year and includes all assets and liabilities of the Foundation. The difference between total assets and total liabilities – net position – is an indicator of the current financial condition of the Foundation. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation.

A summarized comparison of the Foundation's assets, liabilities and net position at June 30, 2023, June 30, 2022, and June 30, 2021 is presented in the following table:

**NET ASSETS**  
(In Thousands)

	Foundation		
	<u>June 2023</u>	<u>June 2022</u>	<u>June 2021</u>
<b>Assets</b>			
Current assets	\$ 21,155	\$ 18,062	\$ 24,875
Capital assets, net	13	13	3,463
Other noncurrent assets	<u>40,192</u>	<u>39,422</u>	<u>37,134</u>
<b>Total assets</b>	<u><u>\$ 61,360</u></u>	<u><u>\$ 57,497</u></u>	<u><u>\$ 65,472</u></u>
<b>Liabilities</b>			
Current liabilities	<u>\$ 46</u>	<u>\$ 141</u>	<u>\$ 31</u>
<b>Total liabilities</b>	<u><u>\$ 46</u></u>	<u><u>\$ 141</u></u>	<u><u>\$ 31</u></u>
<b>Net position</b>			
Invested in capital assets	\$ 13	\$ 13	\$ 3,463
Restricted	59,562	55,826	62,819
Unrestricted	<u>1,739</u>	<u>1,517</u>	<u>(841)</u>
<b>Total net position</b>	<u><u>61,314</u></u>	<u><u>57,356</u></u>	<u><u>65,441</u></u>
<b>Total liabilities and net position</b>	<u><u>\$ 61,360</u></u>	<u><u>\$ 57,497</u></u>	<u><u>\$ 65,472</u></u>

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

Current assets primarily consist of cash, cash equivalents, accounts receivables and investments. Non-current assets consist of net capital assets and endowment investments. A review of the Foundation's statement of net position at June 30, 2023 and June 30, 2022 shows that the Foundation total liabilities and net position increased by 6.70% from year to year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

The Foundation capitalizes assets with a value of \$5,000 and greater for financial reporting purposes. As of June 30, 2023, there was \$13,000 invested in capital assets net of accumulated depreciation. Capital assets of the Foundation at June 30, 2023, June 30, 2022, and June 30, 2021 are presented in the following table:

**CAPITAL ASSETS**  
(In Thousands)

<b>Capital assets</b>	Foundation		
	<u><b>June 2023</b></u>	<u>June 2022</u>	<u>June 2021</u>
Non-depreciable capital assets:			
Land	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 254</u>
<b>Total non-depreciable capital assets</b>	<u>13</u>	<u>13</u>	<u>254</u>
Depreciable capital assets:			
Apartment buildings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,209</u>
<b>Total depreciable capital assets, net of depreciation</b>	<u>-</u>	<u>-</u>	<u>3,209</u>
<b>Capital assets, net of depreciation</b>	<u><u>\$ 13</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 3,463</u></u>

**DEBT**

All capital improvements are through internal financing and therefore the Foundation does not carry any long-term debt.



**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

**THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

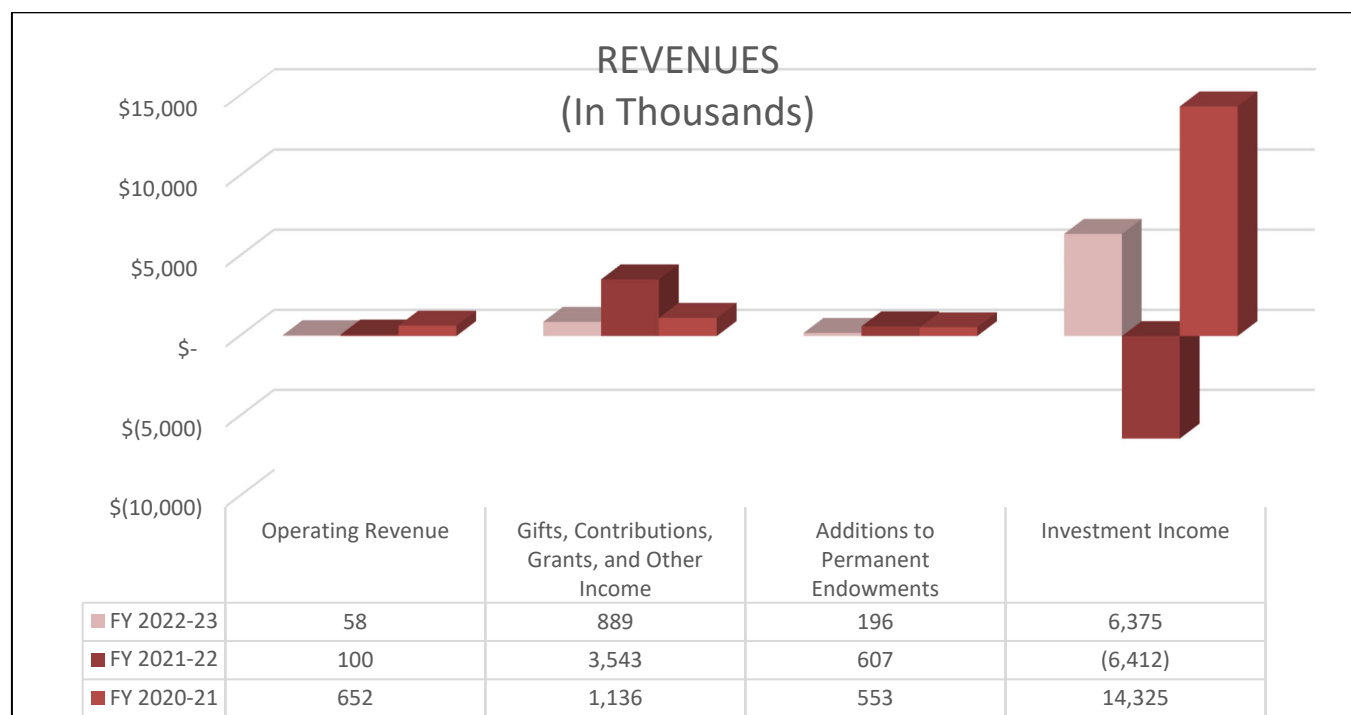
The statement of revenues, expenses and changes in net position presents the Foundation's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A summary of the Foundation's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021 is presented in the following table:

**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
(In Thousands)

	Foundation		
	June 2023	June 2022	June 2021
Operating revenues			
Rental income	\$ -	\$ 46	\$ 619
Membership revenue	58	54	33
Total operating revenues	58	100	652
Less operating expenses	3,561	5,923	3,789
<b>Operating loss</b>	<b>(3,503)</b>	<b>(5,823)</b>	<b>(3,137)</b>
Nonoperating revenues			
Gifts and grants	799	668	803
Pledge income	24	24	268
Investment income	1,417	1,380	1,184
Realized gain (loss) on investments	1,817	3,569	2,572
Unrealized gain (loss) on investments	3,141	(11,361)	10,569
Gain on sale of property	-	2,688	-
Miscellaneous income	67	163	65
<b>Nonoperating revenues</b>	<b>7,265</b>	<b>(2,869)</b>	<b>15,461</b>
<b>Gain (loss) before additions to permanent endowments</b>	<b>3,762</b>	<b>(8,692)</b>	<b>12,324</b>
<b>Additions to permanent endowments</b>	<b>196</b>	<b>607</b>	<b>553</b>
<b>Increase (decrease) in net assets</b>	<b>3,958</b>	<b>(8,085)</b>	<b>12,877</b>
<b>Net position, beginning of year</b>	<b>57,356</b>	<b>65,441</b>	<b>52,564</b>
<b>Net position, end of year</b>	<b>\$ 61,314</b>	<b>\$ 57,356</b>	<b>\$ 65,441</b>
<b>Increase (decrease) in net assets</b>	<b>6.90%</b>	<b>(12.35)%</b>	<b>24.50%</b>

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

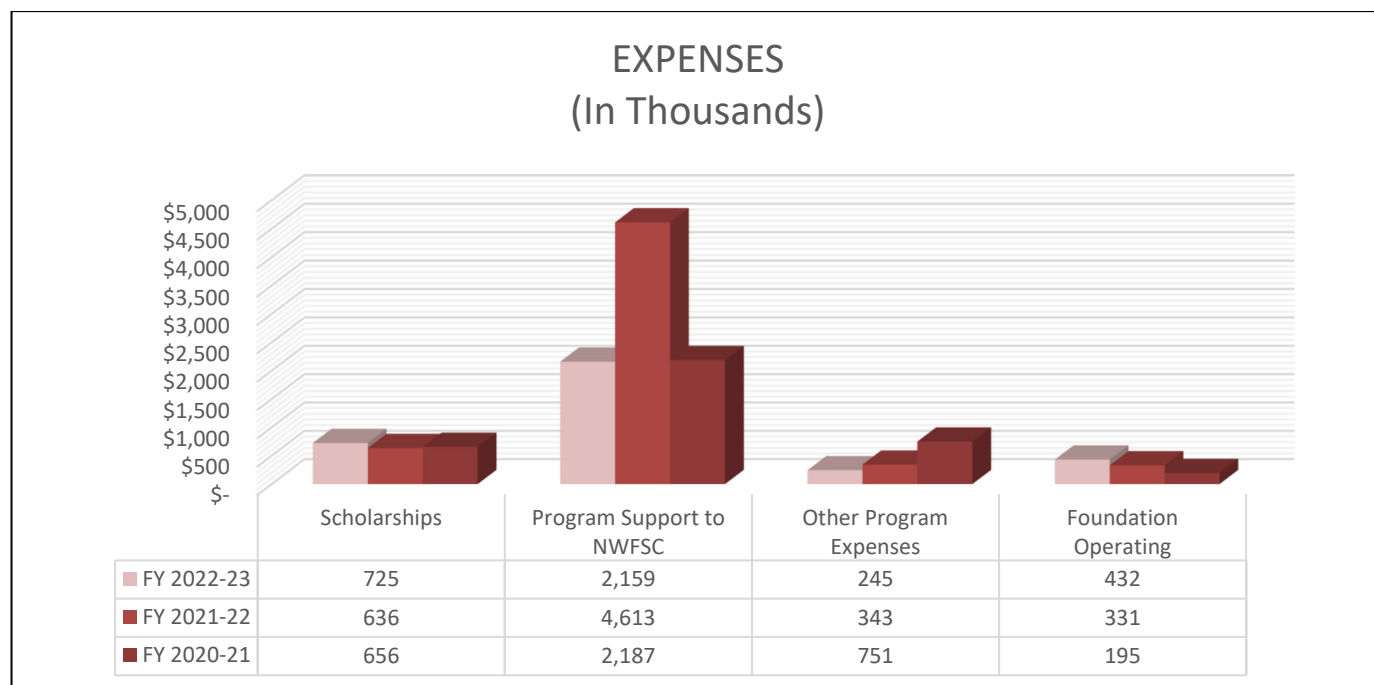
The following is a graphical presentation of Foundation revenues for fiscal year ended June 30, 2023, as compared to fiscal years ended June 30, 2022 and June 30, 2021:



Operating revenue declined in fiscal year 2023 as compared to prior fiscal years reported. The total gifts, contributions, grants and other income decreased by \$2,654,000 in fiscal year 2023. Additions to permanent endowments decreased by \$411,000 from the prior year. Investment income increased by \$12.7 million from 2022 to 2023. This is attributed to market growth in 2023 as compared to the tremendous market declines experienced in 2022.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

In addition to presenting expenses by natural classification, as shown on the statement of revenues, expenses and changes in net position, it is also informative to review operating expenses by functional activity. A comparative summary of Foundation expenses by functional classification for fiscal years 2023, 2022, and 2021 are shown in the following table:



Overall expenses decreased \$2,362,000 from 2023 to 2022. The scholarship expenses paid to the College increased by \$89 thousand from fiscal year 2023 to 2022. Both types of expense allocations, program support and scholarships, are funded mainly by endowment earnings in accordance with the Foundation's spending policy – awards of up to 4%, calculated by using the average of the prior three year-end balances for each endowment when earnings are available.

Other program expenses, not transferred to the College but expended through the Foundation for program initiatives, decreased \$98,000.

Foundation operating expenses increased \$101,000 from 2022 to 2023. This increase is comprised internal support staffing expense increases in fiscal year 2023 and a full year of consulting fees in fiscal year 2023.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

**THE STATEMENT OF CASH FLOWS**

The statement of cash flows provides additional information about the Foundation's financial results by reporting the major sources and uses of cash. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A comparative summary of the statement of cash flows for the Foundation for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021 is shown in the following table:

**CASH FLOWS**  
(In Thousands)

	<u>June 2023</u>	<u>Foundation June 2022</u>	<u>June 2021</u>
<b>Cash provided (used) by:</b>			
Operating activities	\$ (3,592)	\$ (5,684)	\$ (3,009)
Noncapital and capital financing activities	1,156	7,915	1,559
Investing activities	<u>2,322</u>	<u>(1,975)</u>	<u>1,109</u>
<b>Net Decrease in cash and cash equivalents</b>	<b>(114)</b>	256	(341)
<b>Cash and cash equivalents, beginning of the year</b>	<u>560</u>	<u>304</u>	<u>645</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 445</u></u>	<u><u>\$ 560</u></u>	<u><u>\$ 304</u></u>

The Foundation's liquidity remained stable during the reporting year. For the purpose of cash flows, the Foundation considers cash equivalents to include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The following discussion presents an overview of cash flows:

During the fiscal year ended June 30, 2023, cash and cash equivalents decreased \$114,000. The Foundation has adequate funds on hand to pay invoices upon demand and approval.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

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**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The economic position of the Northwest Florida State College Foundation is closely tied to Okaloosa and Walton Counties and the State of Florida.

Investment income plays a key role in generating revenues for the Foundation. Also tied to investment earnings is the ability to provide scholarships and program support to Northwest Florida State College through various endowments. Foundation investment accounts remain well-diversified and moderately invested, targeting 55% equity and 30% fixed income, with the remainder in alternative investments and cash.

The Foundation's Board of Directors and management carefully monitor the status of all endowed funds, particularly those underwater funds in which the total fund balance is less than the corpus, or principal. Foundation policy states that endowments with a fair market value below corpus will receive no spending allocation. This deficit can only be overcome through positive investment earnings. From fiscal year 2016 to 2021, the number of underwater funds dropped from 15 to zero. From fiscal year 2021 to 2022, there were 18 underwater funds which was due to negative market conditions. As of June 30, 2023, the Foundation held 335 endowed funds and ten of these funds were in an underwater status. The ten funds in underwater status were endowments established within the past three fiscal years and were impacted by current improved fiscal year market conditions.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest in the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Foundation.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF NET POSITION**

		June 30,	
		2023	2022
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 445,149	\$ 560,017	
Accounts receivable	-	3,500	
Due from college	2,334	-	
Investments, unrestricted	657	-	
Prepaid expenses and other current assets	2,962	3,101	
Total current assets	<u>451,102</u>	<u>566,618</u>	
Restricted current assets			
Accounts receivable	-	3,000	
Pledge receivable	55,342	93,178	
Investments, nonendowed	20,648,098	17,398,478	
Total restricted current assets	<u>20,703,440</u>	<u>17,494,656</u>	
Noncurrent assets			
Pledge receivable, long-term	16,861	49,606	
Endowment investments	40,175,356	39,372,890	
Nondepreciable capital assets	12,830	12,830	
Depreciable capital assets, net	-	-	
Total noncurrent assets	<u>40,205,047</u>	<u>39,435,326</u>	
<b>TOTAL ASSETS</b>	<u>\$ 61,359,589</u>	<u>\$ 57,496,600</u>	
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities			
Accounts payable	\$ 1,945	\$ 8,194	
Due to college	43,849	132,190	
Total current liabilities	<u>45,794</u>	<u>140,384</u>	
<b>TOTAL LIABILITIES</b>	<u>45,794</u>	<u>140,384</u>	
<b>NET POSITION</b>			
Investment in capital assets	12,830	12,830	
Restricted, nonexpendable, endowment	38,524,737	38,328,700	
Restricted, other	21,037,346	17,497,882	
Unrestricted	1,738,882	1,516,804	
Total net position	<u>61,313,795</u>	<u>57,356,216</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 61,359,589</u>	<u>\$ 57,496,600</u>	

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

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Year Ended June 30,	
	<b>2023</b>	<b>2022</b>
Operating revenues		
Rental income	\$ -	\$ 46,492
Membership revenue	<b>58,156</b>	53,775
Total operating revenues	<b>58,156</b>	100,267
Operating expenses		
Scholarships and waivers	<b>724,621</b>	636,030
Utilities and communications	-	15,522
Other services and expenses	<b>639,329</b>	619,977
Support to college	<b>2,159,333</b>	4,613,368
Materials and supplies	<b>37,514</b>	38,130
Total operating expenses	<b>3,560,797</b>	5,923,027
Operating loss	<b>(3,502,641)</b>	(5,822,760)
Nonoperating revenues		
Gifts and grants	<b>823,044</b>	692,178
Investment income	<b>1,416,654</b>	1,379,957
Gain on sale of property and equipment	-	2,687,966
Other income	<b>66,193</b>	163,072
Realized gain on investments	<b>1,817,046</b>	3,569,217
Net unrealized gain (loss) on investments	<b>3,141,246</b>	(11,361,212)
Total nonoperating revenues	<b>7,264,183</b>	(2,868,822)
Gain (loss) before additions to permanent endowments	<b>3,761,542</b>	(8,691,582)
Additions to permanent endowments	<b>196,037</b>	607,287
Increase (decrease) in net position	<b>3,957,579</b>	(8,084,295)
Net position, beginning of the year	<b>57,356,216</b>	65,440,511
Net position, end of the year	<b>\$ 61,313,795</b>	\$ 57,356,216

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

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities		
Receipts from other sources	\$ 64,656	\$ 47,275
Receipts from rental income	-	46,492
Payments to the College for scholarships	(724,621)	(636,030)
Payments to the College as gifts and contributions	(2,250,008)	(4,498,834)
Payments to suppliers and others	(682,953)	(643,425)
Net cash used in operating activities	(3,592,926)	(5,684,522)
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital or endowment purposes	893,625	1,007,292
Private gifts for endowment purposes	196,037	607,287
Other	66,193	163,072
Net cash provided by noncapital financing activities	1,155,855	1,777,651
Cash flows from capital and related financing activities		
Proceeds from sale of property and equipment	-	6,137,771
Net cash provided by capital and related financing activities	-	6,137,771
Cash flows from investing activities		
Purchase of investments	(7,826,659)	(25,221,881)
Proceeds from sales and maturities of investments	8,732,208	21,866,691
Investment income	1,416,654	1,379,957
Net cash provided by (used in) investing activities	2,322,203	(1,975,233)
Net increase (decrease) in cash and cash equivalents	(114,868)	255,667
Cash at beginning of year	560,017	304,350
Cash at end of year	\$ 445,149	\$ 560,017
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (3,502,641)	\$ (5,822,760)
Adjustments to reconcile operating loss to net cash used in operating activities		
Changes in assets and liabilities		
Prepaid insurance	139	25,484
Accounts receivable and due from other funds	4,166	3,987
Accounts payable and due to college	(94,590)	108,767
Net cash used in operating activities	\$ (3,592,926)	\$ (5,684,522)
Noncash investing activities		
Net unrealized gain (loss) on investments	\$ 3,141,246	\$ (11,361,212)

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



**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The governing body of the Northwest Florida State College Foundation, Inc. (the "Foundation") is a 28-member Board of Directors that constitutes a corporation. The Board of Directors is directly responsible for the day-to-day operations and control of the Foundation within the framework of applicable state law and State Board of Education rules. The Foundation is a component unit and direct support organization of Northwest Florida State College (the "College") as defined in Section 1004.70, Florida Statutes. The Foundation is legally separate from the College but is financially accountable to the College. The Foundation receives, holds, invests, and administers property and makes expenditures to or for the benefit of the College.

Basis of Presentation: The Foundation's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Foundation's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The Foundation's principal operating activity is College program support and student scholarships. Operating revenues include rental income and expenses and all fiscal transactions related to College support, Foundation management, fund raising, and depreciation of capital assets. Nonoperating revenues include state appropriations, grants, individual gifts, investment income, and capital funding.

Cash and Cash Equivalents: The amount reported as cash and cash equivalents consists of cash on hand and cash in demand accounts. Cash placed in money market accounts with Merrill Lynch are reported as investments. Cash deposits of the Foundation are held by banks qualified as public depositories under Florida Statute, Chapter 280. Therefore, all such deposits are covered by the FDIC limit of \$250,000 or were fully collateralized with securities held by the Foundation's financial institution.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable: The Foundation records accounts receivable at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. The allowance for doubtful accounts was \$25,500 and \$25,500 for the years ended June 30, 2023 and 2022, respectively.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Realized and unrealized gains and losses are included in the statement of revenues, expenses and changes in net position. Investment income includes interest and dividend income and is included in the statement of revenues, expenses and changes in net position separate from gains and losses.

Capital Assets: The Foundation's capital assets consist of land, buildings, furniture, and equipment and are stated at historical cost or estimated fair value if donated or acquired at nominal cost. The Foundation has a capitalization threshold of \$5,000 for capital assets. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Buildings	38 Years
Building improvements and equipment	7 Years

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from the estimates.

**NOTE 2. CASH AND INVESTMENTS**

Cash and investments held by the Foundation consisted of the following classifications at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents		
Unrestricted	<u>\$ 445,149</u>	<u>\$ 560,017</u>

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Investments held by the Foundation are reported at fair value and were as follows at June 30 2023:

Investment Type	Fair Value	Investment Maturity in Years			
		Less than 1	1 - 5	6 - 10	More than 10
Cash and cash equivalents	\$ 2,065,173	\$ 2,065,173	\$ -	\$ -	\$ -
Life insurance/annuities	1,824,090	1,824,090	-	-	-
United States Government securities					
United States Government	3,537,374	382,288	3,026,887	95,713	32,486
Total United States Government securities	3,537,374	382,288	3,026,887	95,713	32,486
Corporate bonds	9,166,954	790,122	5,094,814	3,282,018	-
Alternative investments	5,620,078	5,620,078	-	-	-
Corporate stocks	32,142,744	N/A	-	-	-
Equities and mutual funds	6,467,698	N/A	-	-	-
Total investments	<u>\$ 60,824,111</u>	<u>\$ 10,681,751</u>	<u>\$ 8,121,701</u>	<u>\$ 3,377,731</u>	<u>\$ 32,486</u>

Investments held by the Foundation are reported at fair value and were as follows at June 30 2022:

Investment Type	Fair Value	Investment Maturity in Years			
		Less than 1	1 - 5	6 - 10	More than 10
Cash and cash equivalents	\$ 2,365,626	\$ 2,365,626	\$ -	\$ -	\$ -
Life insurance/annuities	1,877,021	1,877,021	-	-	-
United States Government securities					
United States Government	3,644,971	-	3,476,857	130,569	37,545
Total United States Government securities	3,644,971	-	3,476,857	130,569	37,545
Corporate bonds	9,120,612	784,994	4,704,377	3,631,241	-
Alternative investments	5,537,376	5,537,376	-	-	-
Corporate stocks	28,549,847	N/A	-	-	-
Equities and mutual funds	5,675,915	N/A	-	-	-
Total investments	<u>\$ 56,771,368</u>	<u>\$ 10,565,017</u>	<u>\$ 8,181,234</u>	<u>\$ 3,761,810</u>	<u>\$ 37,545</u>

Investments are managed in accordance with an investment policy. The investment policy sets target allocations of investments of 25% to 45% for fixed income, 45% to 65% for equities, 5% to 15% for alternative investments and 2% to 8% for cash and cash equivalents, in order to reduce risk by investing in a diversified portfolio of financial assets, primarily stock funds, bonds or bond funds, and cash equivalents.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy for the Foundation states at least 50% of the short-term funds shall be invested in instruments having maturities no greater than two years. No more than 25% may be invested in instruments that have maturities greater than two years and less than five years and no more than 25% may be invested in instruments that have maturities greater than five years. The short-term funds are required to be invested in any of the following: obligations of the U.S. Government or agencies, obligations of agencies with implied federal sponsorship and guarantees, certificates of deposit, deposits that are insured by the FDIC, repurchase agreements, money market accounts, or government security mutual funds. The investments meet the Foundation's investment policy restrictions.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Common stocks should be held in seasoned, quality, well-managed, and highly marketable companies whose prospects appear good for growth of earnings, dividends and appreciation. Fixed income securities should be of the four highest bond ratings or the two highest commercial paper ratings. Corporate bonds held by the Foundation were rated as follows at June 30:

	<u>2023</u>	<u>2022</u>	<u>Rating</u>
Corporate bonds	\$ 4,294,607	\$ 4,371,138	AAA to A-
Corporate bonds	<u>4,872,347</u>	<u>4,749,474</u>	BBB+ to BBB-
Total corporate bonds	<u>\$ 9,166,954</u>	<u>\$ 9,120,612</u>	

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation's investment policy requires that investments are to be diversified to the extent that no more than 4% of the funds may be invested in any one security, no more than 30% in any one industry and the Foundation should not control more than 10% of the debt or stock in any one company. These restrictions do not apply to obligations of the federal government. As of June 30, 2023, the Foundation does not have a concentration of credit risk.

Custodial Credit Risk: The Foundation will address investment custodial credit risk by permitting brokers that obtained investments for the Foundation to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available. Securities purchased that exceed available SIPC coverages shall be transferred to the Foundation's custodian.

Foreign Currency Risk: Foreign currency risk is the risk that the changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation's investment policy permits the hedging of non U.S. dollar investments as long as the methods used to do such do not place the investments in a leveraged position, use investment securities purchased or a margin or result in open-hedge positions.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Fair Value Measurements: The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; and Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements as of June 30, 2023:

<u>Investment Type</u>	<u>Fair Value Hierarchy</u>				
U.S. Government and Federally	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Guaranteed Bonds:					
Federal National Mortgage Assoc.	\$ 1,021,200	\$ -	\$ 1,021,200	\$ -	\$ 1,021,200
Federal Home Loan Mortgage Corp	56,718	-	56,718	-	56,718
Federal Home Loan Bank	1,278,042	-	1,278,042	-	1,278,042
Federal Home Credit Bank	1,181,414	-	1,181,414	-	1,181,414
Corporate Bonds	9,166,954	-	9,166,954	-	9,166,954
Total U.S. Government and Bonds	12,704,328	-	12,704,328	-	12,704,328
Equity Mutual Funds:					
Alternative Investments	5,620,078	-	-	5,620,078	5,620,078
Equities	31,685,645	31,685,645	-	-	31,685,645
Vanguard	457,099	457,099	-	-	457,099
Ishares Core S&P MID CAP	4,675,524	4,675,524	-	-	4,675,524
Ishares TR Russell 2000	1,792,174	1,792,174	-	-	1,792,174
Total Equity Mutual Funds	44,230,520	38,610,442	-	5,620,078	44,230,520
Life Insurance/Annuities	1,824,090	-	-	1,824,090	1,824,090
Cash and Equivalents	2,065,173	2,065,173	-	-	2,065,173
Total Investments	\$ 60,824,111	\$ 40,675,615	\$ 12,704,328	\$ 7,444,168	\$ 60,824,111

The Foundation has the following recurring fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Fair Value Hierarchy</u>				
U.S. Government and Federally	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Guaranteed Bonds:					
U.S. Government Obligations	\$ 1,062,351	\$ -	\$ 1,062,351	\$ -	\$ 1,062,351
Federal National Mortgage Assoc.	79,262	-	79,262	-	79,262
Federal Home Loan Mortgage Corp	1,300,707	-	1,300,707	-	1,300,707
Federal Home Loan Bank	1,202,652	-	1,202,652	-	1,202,652
Corporate Bonds	9,120,611	-	9,120,611	-	9,120,611
Total U.S. Government and Bonds	12,765,583	-	12,765,583	-	12,765,583
Equity Mutual Funds:					
Alternative Investments	5,537,376	-	-	5,537,376	5,537,376
Equities	28,134,306	28,134,306	-	-	28,134,306
Vanguard	415,541	415,541	-	-	415,541
Ishares Core S&P MID CAP	4,160,143	4,160,143	-	-	4,160,143
Ishares TR Russell 2000	1,515,772	1,515,772	-	-	1,515,772
Total Equity Mutual Funds	39,763,138	34,225,762	-	5,537,376	39,763,138
Life Insurance/Annuities	1,877,021	-	-	1,877,021	1,877,021
Cash and Equivalents	2,365,626	2,365,626	-	-	2,365,626
Total Investments	\$ 56,771,368	\$ 36,591,388	\$ 12,765,583	\$ 7,414,397	\$ 56,771,368

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. PLEDGE RECEIVABLE**

The Foundation has a major gifts campaign to assist the College in seeking partnerships and investment opportunities to help build a re-engineered launch pad for current students and generations to come. Pledge receivables are due to be collected as follows at June 30:

	<u>2023</u>	<u>2022</u>
Gross amounts due in		
One year	\$ 55,342	\$ 93,178
Two to five years	42,361	75,106
Allowance for doubtful accounts	(25,500)	(25,500)
Total pledge receivables	<u>\$ 72,203</u>	<u>\$ 142,784</u>

**NOTE 4. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023 is shown as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated				
Land	\$ 12,830	\$ -	\$ -	\$ 12,830
Capital assets, being depreciated				
Apartment buildings and improvements	-	-	-	-
Apartment building, new	-	-	-	-
Apartment building, remodeled	-	-	-	-
Total capital assets being depreciated	-	-	-	-
Accumulated depreciation	-	-	-	-
Total capital assets being depreciated, net	-	-	-	-
Total capital assets, net	<u>\$ 12,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,830</u>

Capital assets activity for the year ended June 30, 2022 is shown as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets, not being depreciated				
Land	\$ 254,001	\$ -	\$ (241,171)	\$ 12,830
Capital assets, being depreciated				
Apartment buildings and improvements	921,562	-	(921,562)	-
Apartment building, new	4,074,381	-	(4,074,381)	-
Apartment building, remodeled	669,380	-	(669,380)	-
Total capital assets being depreciated	5,665,323	-	(5,665,323)	-
Accumulated depreciation	(2,456,689)	-	2,456,689	-
Total capital assets being depreciated, net	3,208,634	-	(3,208,634)	-
Total capital assets, net	<u>\$ 3,462,635</u>	<u>\$ -</u>	<u>\$ (3,449,805)</u>	<u>\$ 12,830</u>

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5. RELATIONSHIP WITH THE COLLEGE**

The Foundation made contributions and payments to the College for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Scholarships and waivers	\$ 724,621	\$ 636,030
Gifts and contributions	<u>2,159,333</u>	<u>4,613,368</u>
	<u>\$ 2,883,954</u>	<u>\$ 5,249,398</u>

Of the amounts above, the Foundation had an outstanding balance payable to the College of \$43,849 and \$132,190 for the years ended June 30, 2023 and 2022, respectively. The Foundation had an outstanding receivable from the College in the amount of \$2,334 and \$- for the years ended June 30, 2023 and 2022, respectively. The above related-party transactions are not necessarily indicative of the terms and amounts that would have been incurred had a comparable transaction been entered into with independent parties.

**NOTE 6. RESTRICTED NET POSITION**

Expendable restricted net position is restricted for scholarships or other similar purposes and totaled \$21,037,346 and \$17,497,882 for the years ended June 30, 2023 and 2022, respectively.

Nonexpendable restricted net position (endowments) is donor-directed contributions restricted in perpetuity for scholarships, program instruction, the Arts Center, and other similar purposes. Nonexpendable restricted net position totaled \$38,524,737 and \$38,328,700 for the years ended June 30, 2023 and 2022, respectively.

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonexpendable restricted net position: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns and protect the Foundation against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation limits spending on endowments to a maximum of 4% of the average of the three most recent prior year-end endowment fund balances provided net earnings are available.

**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7. RENTAL INCOME**

In prior years, the Foundation rented apartments in a 62 apartment unit complex which was owned by the Foundation. The apartments were rented to either students with athletic scholarships, which are financed by the College, or members of the local community. As of June 30, 2021, the historical cost of the apartments of \$5,665,323 net of accumulated depreciation of \$2,456,689 has a carrying value of \$3,208,634. Rentals are commonly under agreements for one year or less. Rental income earned by the Foundation for the year ended June 30, 2022, for the apartment rentals totaled \$46,492, of which \$- was paid to the Foundation by the College for units rented by students with athletic scholarships.

The Foundation sold the 62 apartment unit complex in Niceville, Florida to an unrelated party on July 26, 2021 for \$6,400,000.

The Foundation owns rights to broadband waves which are leased to a telecommunication entity. The initial five-year lease agreement became effective October 2, 2006, and has five automatic additional five-year renewals, for a maximum of 30 years, unless the telecommunication entity notifies the Foundation in writing at least six months prior to the end of any renewal term that it declines to renew the agreement. The Foundation has not recognized the broadband waves as an asset since there was no cost incurred by the Foundation for its rights. Rental income earned by the Foundation for the years ended June 30, 2023 and 2022 under this rental agreement totaled \$38,500 and \$39,984, respectively. Minimum future rental income is as follows:

2024	\$ 42,000
2025	42,000
2026	42,000
2027	48,000
2028	48,000
	<hr/>
	\$ 222,000
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**NORTHWEST FLORIDA STATE COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8. NATURAL CLASSIFICATION OF EXPENSES**

The expenses recognized by the Foundation in the statement of revenues, expenses and changes in net assets are classified based on function, that is, the purpose for which they are incurred. The Foundation's expenses on a natural classification basis are as follows as of June 30:

	<b>2023</b>	<b>2022</b>
Accounting and auditing	\$ 16,750	\$ 16,500
Advertising	273	433
Bad debt expense	-	2,500
Bank fees	1,137	663
Food and beverage	34,264	34,804
Gifts and contributions to College	2,159,333	4,613,368
Gifts, prizes and awards	925	1,025
Insurance	4,653	13,016
Internal support services	288,000	195,246
Investment management fee	252,665	282,743
Miscellaneous supplies	3,677	3,428
Printing and distribution	375	2,140
Professional fees	-	3,624
Professional development fees	72,678	91,503
Repairs and maintenance	1,261	9,516
Scholarships	724,621	636,030
Taxes and licenses	185	966
Utilities	-	15,522
	<u><u>\$ 3,560,797</u></u>	<u><u>\$ 5,923,027</u></u>

**NOTE 9. SUBSEQUENT EVENTS**

During August 2023, the Foundation entered into a participation agreement that establishes the Foundation as a participant in the Loan with Community Bank to finance the construction of Raider Village in an amount not to exceed \$5,358,484.00 and with a final maturity date no later than August 4, 2030.

The Foundation did not have any other subsequent events through November 28, 2023 which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.



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

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Board of Directors  
Northwest Florida State College Foundation, Inc.  
Niceville, 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 Northwest Florida State College Foundation, Inc. (the "Foundation"), a direct support organization and component unit of the Northwest Florida State College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 28, 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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## Report on Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Bradenton, Florida  
November 28, 2023