

PENSACOLA STATE COLLEGE FOUNDATION, INC.

**A COMPONENT UNIT OF
PENSACOLA STATE COLLEGE**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

PENSACOLA STATE COLLEGE FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Pensacola State College Foundation, Inc.
Pensacola, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pensacola State College Foundation, Inc.[a 501(c)(3) nonprofit corporation], hereinafter referred to as the Foundation, which comprise the statement of net position as of and for the year ended December 31, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, 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, 2023, and the changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Dr. Philip Benjamin Matching Grant Programs Schedule of Revenues, Expenses, and Changes in Net Position and the Florida Community College Scholarship Programs Schedule of Revenues, Expenses, and Changes in Net Position but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 March 20, 2024, 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.

Warren Averett, LLC

Pensacola, Florida
March 20, 2024

PENSACOLA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023

OVERVIEW

The following discussion and analysis of Pensacola State College Foundation, Inc.'s (the Foundation) financial statements provide an overview of the Foundation's financial activities for the year ended December 31, 2023, with comparative information for the years ended December 31, 2022 and 2021. These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Government Accounting Standards Board (GASB) as this is the presentation used in the Pensacola State College (College) Annual Financial Report. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information on the Foundation as a whole and present a long-term view of the Foundation's finances. 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 1965 to encourage, solicit, receive and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the College and its objectives. The Foundation is a direct support organization of the College.

FINANCIAL HIGHLIGHTS

During the year ended December 31, 2023, the Foundation's net position increased 16%, due primarily to gains on investments in the stock market.

The Foundation's investments showed a return (net of fees) of 15.29% from January 1, 2023 to December 31, 2023. As of December 31, 2023, the Foundation's total return on investments (net of fees) was 6.95% since December 31, 2001. The account remains well-diversified and moderately invested, targeting a 60% equity and 40% fixed income mix.

The Foundation continues to provide financial support to the College in terms of scholarships, technical equipment and other educational activities benefiting the students and community.

USING THIS REPORT

The Foundation is a component unit of the College. Although legally separate, this component unit supports the mission of the College by providing funding and services to support and foster the pursuit of higher education at the College. The College is financially accountable for the Foundation, and the College reports the Foundation's financial activities to the State of Florida.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the Foundation as a whole and on its activities in a way that helps the reader determine if the Foundation is in a better position from one year to the next. The statements allow the reader to analyze the information over long periods of time. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Foundation's operating results. These two statements report the Foundation's changes in net position. The Foundation's net position, which is the difference between assets and liabilities, is one way to measure the Foundation's financial health or financial position. Over time, increases or decreases in the Foundation's net position is one indicator of whether its financial health is improving or deteriorating. One will need to consider many other financial and non-financial factors to assess the overall health of the Foundation, such as legislative funding, indirect support (staffing and facilities) provided by the College and the economy as it relates to investment fluctuations and pledge fulfillment.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023

USING THIS REPORT – CONTINUED

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Foundation's financial statements present consolidated results for three separate self-balancing components:

- Unrestricted – Representing funds that are available without restriction for carrying out the Foundation's objectives. These funds are available for any lawful purpose of the Foundation and College.
- Restricted components include:
 - Expendable – Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the College, including the expendable portion of endowment funds.
 - Nonexpendable – Represents the nonexpendable portion of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the College. The corpus of nonexpendable endowment funds is only available for investment purposes and earnings on endowment funds are included in expendable funds.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, liabilities and net position of the Foundation as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a snapshot of the Foundation at a certain point in time. The statement of net position presents end-of-year and end-of-period data concerning assets (current and noncurrent), liabilities (current and noncurrent), deferred inflows of resources and net position (assets minus liabilities and deferred inflows of resources).

From the data presented, readers of the statement of net position are able to determine the resources available to continue the operations of the Foundation. They are also able to determine how much the Foundation owes vendors. Finally, the statement of net position provides a picture of the net position and the availability of resources for expenditure by the Foundation as well as the increases in net position that relate to future periods.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

STATEMENT OF NET POSITION – CONTINUED

The assets, liabilities and net position of the Foundation as of December 31, 2023, 2022 and 2021, are summarized in the following table:

	December 31, 2023	December 31, 2022	2023-2022		December 31, 2021	2022-2021	
			Dollar Change	Percentage Change		Dollar Change	Percentage Change
ASSETS							
Current	\$ 25,574,382	\$ 20,464,241	\$ 5,110,141	25.0%	\$ 26,629,375	\$ (6,165,134)	-23.2%
Noncurrent	18,799,199	17,931,749	867,450	4.8%	15,772,101	2,159,648	13.7%
TOTAL ASSETS	\$ 44,373,581	\$ 38,395,990	\$ 5,977,591	15.6%	\$ 42,401,476	\$ (4,005,486)	-9.4%
LIABILITIES							
Current Liabilities	\$ 147,420	\$ 320,373	\$ (172,953)	-54.0%	\$ 144,193	\$ 176,180	122.2%
Noncurrent liabilities	154,630	131,685	22,945	17.4%	158,185	(26,500)	-16.8%
TOTAL LIABILITIES	302,050	452,058	(150,008)	-33.2%	302,378	149,680	49.5%
DEFERRED INFLOWS OF RESOURCES							
Split-interest agreements	1,786,323	1,636,382	149,941	9.2%	1,749,346	(112,964)	-6.5%
NET POSITION							
Unrestricted	2,080,354	1,500,144	580,210	38.7%	1,848,095	(347,951)	-18.8%
Restricted							
Expendable	23,474,130	19,153,010	4,321,120	22.6%	24,035,289	(4,882,279)	-20.3%
Nonexpendable	16,730,724	15,654,396	1,076,328	6.9%	14,466,368	1,188,028	8.2%
TOTAL NET POSITION	42,285,208	36,307,550	5,977,658	16.5%	40,349,752	(4,042,202)	-10.0%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 44,373,581	\$ 38,395,990	\$ 5,977,591	15.6%	\$ 42,401,476	\$ (4,005,486)	-9.4%

Net position for the Foundation increased during the year ended December 31, 2023. This is primarily a result of gains on investment activities. When reviewing net position by component, restricted nonexpendable net position, restricted expendable, and unrestricted net positions increased.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Change in net position is based on the activity presented in the statement of revenues, expenses and changes in net position. The purpose of this statement is to present the revenues earned and the expenses incurred by the Foundation.

Revenues and expenses are categorized as operating or nonoperating. Operating revenues and expenses represent ongoing activities in support of the College's programs and the ongoing activities of the Foundation. Operating activities relate to the Foundation's principal function, which is to solicit, receive and administer charitable contributions for the College. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

The Foundation continued to receive private donations as well as investment returns for the 2023 fiscal year. Revenues, expenses, and changes in net position of the Foundation for the years ended December 31, 2023, 2022 and 2021 are presented in the following table:

	December 31, 2023	December 31, 2022	2023-2022		December 31, 2021	2022-2021	
			Dollar Change	Percentage Change		Dollar Change	Percentage Change
Operating revenue	\$ 2,700,620	\$ 2,121,958	\$ 578,662	27.3%	\$ 2,327,967	\$ (206,009)	-8.8%
Operating expenses	2,525,233	2,802,425	(277,192)	-9.9%	2,019,015	783,410	38.8%
OPERATING INCOME (LOSS)	175,387	(680,467)	855,854	-125.8%	308,952	(989,419)	-320.3%
Nonoperating revenues (losses)	4,976,541	(4,523,688)	9,500,229	-210.0%	4,918,300	(9,441,988)	-192.0%
Other changes in net position	825,730	1,161,953	(336,223)	-28.9%	1,728,012	(566,059)	-32.8%
Change in net position	5,977,658	(4,042,202)	10,019,860	-247.9%	6,955,264	(10,997,466)	-158.1%
NET POSITION,							
BEGINNING OF YEAR	36,307,550	40,349,752	(4,042,202)	-10.0%	33,394,488	6,955,264	20.8%
NET POSITION, END OF YEAR	\$ 42,285,208	\$ 36,307,550	\$ 5,977,658	16.5%	\$ 40,349,752	\$ (4,042,202)	-10.0%

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2023, shows an increase in net position of \$5,977,658 for the Foundation. Investment gains were \$4,048,095 in 2023 and investment losses were \$6,444,239 in 2022. Excluding investment performance, operating revenues in 2023 increased by 27% from 2022 because the Foundation was able to increase donations in 2023. The increase in net position was also impacted by a decrease of 10% in operating expenses in 2023 compared to 2022. This was primarily due to the purchase of large equipment in 2022 for various programs throughout the campuses and no such expenditures for 2023. Expense decreases can also be attributed to reducing the amount expended on legislative relations to include only functions within the state level and not the federal level.

Operating expenses of the Foundation for the years ended December 31, 2023, 2022 and 2021 are presented in the following table:

	December 31, 2023	December 31, 2022	2023-2022		December 31, 2021	2022-2021	
			Dollar Change	Percentage Change		Dollar Change	Percentage Change
Program services	\$ 1,728,098	\$ 1,824,157	\$ (96,059)	-5.3%	\$ 1,069,748	\$ 754,409	70.5%
Management and general	475,371	710,335	(234,964)	-33.1%	619,662	90,673	14.6%
Fundraising services	321,764	267,933	53,831	20.1%	329,605	(61,672)	-18.7%
Total operating expenses	\$ 2,525,233	\$ 2,802,425	\$ (277,192)	-9.9%	\$ 2,019,015	\$ 783,410	38.8%

Program services represent direct expenditures for the College departments. These expenditures for the year ended December 31, 2023, consisted primarily of scholarships, professional services, equipment and supplies for the College departments.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
A COMPONENT OF PENSACOLA STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023

STATEMENT OF CASH FLOWS

The Statement of Cash Flows is important to readers because it shows the Foundation's ability to generate cash required for its operations and payment of obligations in a timely fashion. It also provides information regarding decisions made by management as to the use of cash available.

The State of Cash Flows shows the cash provided by and used in operating, investing, and noncapital financing activities.

- Operating activities include funds received (e.g., from private donors) and payments (e.g., for scholarships, programmatic equipment, materials and supplies and suppliers for goods and services) made for the Foundation and College departments.
- Investing activities represent funds used to purchase investments, the associated investment earnings and proceeds from sales of investments
- Noncapital and related financing activities include funds received for permanent endowments and other related activities.

This information is consolidated to show the total increase or decrease in cash for the year as shown on the Statement of Net Position. A reconciliation is provided that shows how the operating income or loss as shown on the Statement of Revenues, Expenses and Changes in Net Position is related to the net cash generated or consumed by operations. The difference between operating income or loss and net cash provided by or used in operating activities occurs because of the use of accrual accounting. Income will reflect revenues earned but not collected in cash and expenses incurred but not paid as of the end of the year. Thus, operating income/loss may be more or less than net cash used in operating activities.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Management believes the Foundation is well-positioned to maintain its stable financial condition and to continue providing support to students, College departments, and the community. Although raising private donations continues to present a challenge, the Foundation is raising funds through special events and other means to support the College and its operations. In addition, the Foundation has a restricted net position that should adequately fulfill the College's fiscal year 2025 requests. The Foundation is not aware of other currently known facts, decisions, or conditions that are expected to have a significant effect on the overall financial position or results of operations during the 2025 fiscal year. The Foundation's overall financial position can be affected by many factors, including world events, State of Florida legislative changes and market fluctuations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Foundation's Executive Director, 1000 College Boulevard, Building 17, Pensacola, Florida 32504.

FINANCIAL STATEMENTS

PENSACOLA STATE COLLEGE FOUNDATION, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,602,038
Investments, net	19,627,572
Promises to give, net	315,704
Others receivable, net	700
Prepaid expenses	28,368
	25,574,382
Total current assets	25,574,382

NONCURRENT ASSETS

Investments	15,444,726
Promises to give, net	239,955
Capital assets, net	43,565
Assets held under split-interest agreements	1,940,953
Property held for sale	1,130,000
	18,799,199
Total noncurrent assets	18,799,199

TOTAL ASSETS

\$ 44,373,581

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 65,190
Unearned revenue	82,230
	147,420
Total current liabilities	147,420

NONCURRENT LIABILITIES

Liability under split-interest agreement	154,630
	154,630
Total liabilities	302,050

DEFERRED INFLOWS OF RESOURCES

Split-interest agreements	1,786,323
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NET POSITION

Unrestricted	2,080,354
Restricted	
Expendable	23,474,130
Nonexpendable	16,730,724
	42,285,208
TOTAL NET POSITION	42,285,208

TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION

\$ 44,373,581

See notes to the financial statements.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES	
Contributions	\$ 1,568,347
In-kind contributions	845,460
Other operating revenues	<u>286,813</u>
Total operating revenues	2,700,620
OPERATING EXPENSES	
Program services	1,728,098
Management and general	475,371
Fundraising services	<u>321,764</u>
Total operating expenses	<u>2,525,233</u>
OPERATING INCOME	175,387
NONOPERATING REVENUES	
Interest and dividend income	928,446
Net unrealized and realized gain on investments	<u>4,048,095</u>
Total nonoperating revenues	<u>4,976,541</u>
NET INCOME BEFORE OTHER CHANGES IN NET POSITION	5,151,928
OTHER CHANGES IN NET POSITION	
Endowment contributions	<u>825,730</u>
CHANGE IN NET POSITION	5,977,658
NET POSITION, BEGINNING OF YEAR	<u>36,307,550</u>
NET POSITION, END OF YEAR	<u><u>\$ 42,285,208</u></u>

See notes to the financial statements.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from contributions	\$ 1,238,104
Cash receipts from other operating revenue	240,606
Cash payments for operating expenses	<u>(1,776,716)</u>
Net cash used in operating activities	(298,006)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(8,944,180)
Proceeds from sales of investment securities	8,135,542
Interest and dividends received	<u>928,446</u>
Net cash provided by investing activities	119,808

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Endowment contributions	<u>825,730</u>
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NET INCREASE IN CASH

647,532

CASH AT BEGINNING OF YEAR

4,954,506

CASH AT END OF YEAR

\$ 5,602,038

**RECONCILIATION OF NET OPERATING INCOME TO
NET CASH USED IN OPERATING ACTIVITIES**

Operating income	\$ 175,387
Adjustments to reconcile to operating income to net cash used in operating activities	
Depreciation	22,730
Change in allowance for uncollectible promises to give	6,673
Decrease (increase) in operating assets and liabilities:	
Promises to give	(330,243)
Other receivables	400
Accounts payable	(126,346)
Unearned revenue	<u>(46,607)</u>
Net cash used in operating activities	<u><u>\$ (298,006)</u></u>

See notes to the financial statements.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Pensacola State College Foundation, Inc. (the Foundation) was formed in 1965 as a Florida not-for profit corporation to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of Pensacola State College (the College) and its objectives.

The organization receives contributions from the public and occasionally receives state matching funds to promote and support education.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financially Interrelated Organizations

Generally accepted accounting principles presume that combined financial statements for financially interrelated organizations are more meaningful than separate statements and are usually necessary for fair presentation. The College and the Foundation are financially interrelated organizations as defined by generally accepted accounting principles. The Foundation is a component unit of the College and is presented within the College's reporting entity as one of its discretely presented component units.

These financial statements are intended to present only the financial position and results of operations of the Foundation and do not include the financial position or results of operations of the College. These financial statements are issued separately to comply with the State of Florida's reporting requirements.

Basis of Presentation and Accounting

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied.

The Foundation follows standards of accounting and financial reporting that are generally accepted in the United States of America for governmental entities. The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Because the Foundation solely supports the activities of the College, which has elected to report as an entity engaged in business-type activities, the Foundation has also elected to report as an entity engaged in business-type activities.

Cash and Cash Equivalents

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

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

The Foundation records investments at quoted market values. The market value method of accounting for endowment funds is employed to ensure proper distribution of market price changes, realized gains (losses) on sales, accrued income earned and distribution of investment earnings. Investment income from endowed investments, up to 5%, is recorded as revenue in the restricted funds as designated by the individual endowments. Endowment investment income in excess of 5% is added to the principal of the nonexpendable endowments, where applicable in accordance with donor agreements and investment recorded as stated in the respective document(s). Income from the investments in the remaining funds is recorded as revenue in the respective fund.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Florida in 2012, the Foundation employs a total return method for establishing investment objectives and spending policies designed to achieve financial equilibrium for endowment funds over the long term.

The Foundation utilizes a spending policy designed to smooth spending distributions and protect endowed programs from market volatility by calculating distributions based on a percentage of the average market value of the endowment over a specified period of time. The Foundation has made expenditure decisions in accordance with prevailing UPMIFA standards and donor gift agreements. UPMIFA allows organizations to appropriate for expenditure the amount of an endowment fund the organization deems is prudent based on a review of various factors set forth in UPMIFA, subject to terms set forth in the gift agreement.

For the year ended December 31, 2023, the Foundation endowment spending rule provided for annual distributions not to exceed 5% of the average three-year value of the portfolio. For the year ended December 31, 2023, the Foundation's endowments provided investment income of 2.06% of the average three-year market value.

Investments classified as current are either unrestricted or are available for expenditure in the next fiscal year in accordance with donor restrictions.

Property Held for Sale

In 2022, the Foundation received a \$1,130,000 real estate contribution that is classified as property held for sale, pursuant to GASB 72. This property is recorded at acquisition value.

Allowance for Doubtful Accounts

No allowance for doubtful accounts has been established for other receivables as management believes all amounts are collectible. An allowance for doubtful accounts has been established for promises to give.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets are recorded at cost, except for donated assets, which are recorded at estimated fair market value at the date of receipt. Assets with a useful life of three or more years and costing \$10,000 or more are capitalized and depreciated over their estimated service lives on a straight-line basis. Estimated lives used in determining depreciation for furniture and equipment are five years. Improvements to leased facilities have been capitalized and are amortized over five years.

Split-Interest Agreement

The Foundation serves as trustee for split-interest agreements classified as charitable remainder unitrusts. Assets received under these agreements are recorded at fair market value and the liabilities to make future payments under these agreements are recorded at present value, with the difference reported as deferred inflows of resources. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under split-interest agreements is based on discount rates, the remaining time period as determined in the trust documents and the fair value of the underlying investment portfolio.

Deferred Inflows of Resources

The Foundation reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of the statement of net position. Deferred inflows of resources related to split-interest agreements is discussed in Note 5.

Revenues and Expenses

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities which are in support of the College's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive and administer charitable contributions for the College. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions.

Income Taxes

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Foundation is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

In-Kind Contributions

The College partially provides the Foundation with management, program, and support staff salaries as well as office facilities. In-kind contributions are reflected as both revenue and as an equal amount of expense in the statement of revenues, expenses, and changes in net position at the estimated fair value of such contributions. Staff and office facility support is reflected based on all costs associated with the employment of personnel paid by the College and the established per-foot cost of the space used by the Foundation.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted and Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect amounts reported in the financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of various programs and activities have been summarized on a functional basis in the financial statements. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Recent Accounting Pronouncements

On January 1, 2023, the Foundation adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which provides accounting and financial reporting guidance for SBITAs. The adoption of this statement did not have an impact on the Foundation's financial statements.

Subsequent Events

The Foundation has evaluated events and transactions that occurred between December 31, 2023 and March 20, 2024, which is the date that financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CASH AND INVESTMENTS

The Foundation has an investment policy which provides guidelines for the investment of Foundation assets. The objectives of the Foundation's policy are to provide a total return from investments that will preserve the purchasing power of the endowed assets in addition to generating an income stream to support the activities of the College. The Foundation Finance Committee establishes and maintains the investment policy. Investments held by the Foundation at December 31, 2023, are reported at fair value. These investments are held by Synovus Trust Company, N.A. (Synovus), of Columbus, Georgia, by its sub-custodian, The Bank of New York Mellon.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. CASH AND INVESTMENTS

The following table presents the fair value of investments as of December 31, 2023:

Equity Mutual Funds

AB Small Cap Growth Portfolio Adv	\$ 591,413
DFA Emerging Markets Funds	648,638
Fidelity Small Cap Value Fund	650,943
JP Morgan Mid Cap Value Fund	637,014
Janus Henderson Enterprise Fund	566,193
Mainstay CBRE Global Infrastructure Fund	432,799
Vanguard Developed Market Index Fund	2,994,729
Vanguard Dividend Appreciation Index Fund	3,313,904
Vanguard 500 Index Fund	11,754,653
Vanguard Mid Cap Index Fund	1,318,050
Vanguard Small Cap Index Fund	1,339,131

Fixed Income Mutual Funds

Dodge & Cox Income Fund	3,603,725
Vanguard Inflation-Protected Services Securities Fund	1,847,291
Vanguard Short-Term Investment Grade Fund	1,297,105
Vanguard Intermediate Term Bond Index Fund	1,417,483
Federated Total Return Bond Fund	2,659,154

Federal Agency Obligations

Government National Mortgage Association II Modified Pass Through Pool	73
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Total Investments	\$ 35,072,298
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Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation, causing the Foundation to experience a loss of principal. As a means of limiting its exposure to losses arising from credit risk, the Foundation's investment policies limit the exposure of its various investment types. The Foundation's investment policy permits investment in equities listed on a national exchange and bonds issued in United States dollars. Uses of leverage in an account (margin or derivatives securities that increase risk) are prohibited as an investment. Cash should be transitional or held for the purpose of providing liquidity to meet the Foundation's cash flow requirements. This includes commercial paper with an A-1 or P-1 rating at the time of initial investment and money market funds.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. CASH AND INVESTMENTS

Concentration of Credit Risk

The Foundation funds are invested to produce maximum total return consistent with prudent risk limits. The allocation of the portfolio over various asset classes is the single most important determinant of investment risk and return. At December 31, 2023, the investment allocation targets set forth in the investment policy and the actual investment allocation were as follows:

<u>Investment Type</u>	<u>Target Range</u>	<u>2023 Actual Allocation</u>
Equity securities	45%-75%	69%
Fixed income securities	25%-55%	31%
<u>Ranges within equity securities</u>		
International and emerging market equities	20% or less	11%
Small capitalization equities	5% or less	7%
<u>Ranges within fixed income</u>		
Diversified portfolios of non-investment grade bonds	5% or less	0%

No more than 5% of Foundation assets may be invested in any one issuer, except the U.S. Government.

Custodial Credit Risk

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 investment or collateral securities that are in possession of an outside party. Along with federal depository insurance, the Foundation's demand deposits and money market accounts are secured as provided by Chapter 280, Florida Statutes, which requires local governments to deposit funds only in financial institutions designated as qualified public depositories and creates a trust fund with the ability to collateral shortfalls if a default or insolvency has occurred.

At December 31, 2023, cash equivalents consisted of \$2,683,227 held in the Federated Government Obligations money market mutual fund. The fund seeks to preserve the value of the investments at \$1 per share; however, it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The fixed income mutual funds are not rated by a nationally recognized statistical rating organization; however, Synovus prepared average credit quality calculations based on the underlying investments in the funds.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. CASH AND INVESTMENTS – CONTINUED

At December 31, 2023, the average effective maturity, duration and credit quality of the Foundation's fixed income investments were as follows:

<u>Investment Type</u>	<u>Average Effective Maturity (Years)</u>	<u>Average Effective Duration (Years)</u>	<u>Average Credit Quality Rating</u>
Dodge & Cox Income Fund	10.40	5.70	A+
Vanguard Inflation Protected Securities Fund	7.00	6.50	AAA
Vanguard Short-Term Investment - Grade Fund	3.00	2.60	A-
Vanguard Intermediate Term Bond Index Fund	7.30	6.20	AA-
Federated Total Return Bond Fund	8.70	6.00	AA

Net Return on Investments

The net return on investments was as follows:

	<u>Total Unrestricted</u>	<u>Total Restricted-Expendable</u>
Year Ended December 31, 2023		
Dividends and interest	\$ 162,569	\$ 765,877
Net realized gain on investments	76,338	1,469,914
Unrealized loss on investments	112,091	2,389,752
Total return on investments	<u>\$ 350,998</u>	<u>\$ 4,625,543</u>

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. PROMISES TO GIVE

Unconditional promises to give at December 31 consists of the following:

Total promises to give	\$ 577,845
Less present value discount	<u>(10,846)</u>
	566,999
Less allowance for uncollectible pledges	<u>(11,340)</u>
Total promises to give, net	<u><u>\$ 555,659</u></u>
Amounts due in:	
Less than one year	\$ 315,704
One to five years	<u>239,955</u>
	<u><u>\$ 555,659</u></u>

In 2023, promises to give were discounted using a risk-free interest rate of 2%.

Time-restricted and endowment contribution receivables (gross) not recognized in the Statement of Net Position under the provisions of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* were \$275,500.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold Improvements	\$ 503,354	\$ -	\$ -	\$ 503,354
Less accumulated depreciation	<u>437,059</u>	<u>22,730</u>	<u>-</u>	<u>459,789</u>
Total capital assets, net	<u><u>\$ 66,295</u></u>	<u><u>\$ (22,730)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,565</u></u>

Depreciation expense for the year ended December 31, 2023 was \$22,730.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. SPLIT-INTEREST AGREEMENTS

During 2003, a grantor named the Foundation as the trustee of a Charitable Remainder Educational Trust. The trust assets are recorded at fair value and the related liabilities to make future payments under this trust are recorded at present value. At December 31, 2023, the assets had an estimated value of \$241,938, and the liability was valued at \$154,630. The determination of the present value of the liability was based upon the discount rate of 7%.

Under the terms of the Charitable Remainder Educational Trust, designated beneficiaries may receive 7% of the fair value of the trust for 20 years (through 2024) to pay post-secondary education costs. At the earlier of the death of all designated beneficiaries or 20 years, the remaining assets will be available for use by the Foundation. In August 2016, each of the four designated beneficiaries agreed to be allocated an equal share of the accumulated unitrust balance and the annual 7% unitrust amount through June 30, 2024. Such allocations will be available to the beneficiaries for post-secondary education expenses.

The Foundation is and has been the sole recipient of annual gifts from the J.D. Carroll Irrevocable Trust since 1966. At December 31, 2023, the trust was valued at \$111,745 and reported as a split-interest agreement within nonexpendable net position.

During 2019, a grantor named the Foundation as the trustee of a Charitable Remainder Educational Trust and a Charitable Remainder Unitrust. Under the terms of the Charitable Remainder Unitrust, the grantor waived all rights of the Trust and the Foundation was named beneficiary of an investment portfolio of the grantor. The Charitable Remainder Educational Trust assets are recorded at fair value. At December 31, 2023, the Charitable Remainder Educational Trust assets had an estimated value of \$1,487,270.

During 2022, a grantor named the Foundation as the sole beneficiary of a non-interest-bearing note made payable from the grantor's trust. Under the terms of the agreement, the grantor irrevocably waived all rights to the note. The asset is recorded at the estimated fair value of \$100,000 as of December 31, 2023.

Total deferred inflows on split-interest agreements represents changes in fair market value, interest agreements. The deferred inflows are calculated in accordance with GASB Statement No. 81, *Irrevocable Split-Interest Agreements*.

6. NET POSITION

Net position is divided into two major categories: unrestricted and restricted. Unrestricted net position includes resources available for any lawful purpose of the Foundation. Included in the Foundation's unrestricted net position, The Board of Governors has designated \$60,000 for future contingencies and \$441,042 as a reserve for future operating expenses. The Foundation has designated a portion of unrestricted net position for organizational support; at December 31, 2023, this amount totaled \$111,012.

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. NET POSITION – CONTINUED

Restricted net position includes resources, which are restricted by donors and are classified as either expendable or nonexpendable. Expendable restricted net position includes resources available to the Foundation for expenditure in accordance with stipulations made by donors or external entities that have placed time or purpose restrictions on the use of those resources. The corpus of nonexpendable permanent endowments is available for investment purposes only. Investment earnings on nonexpendable permanent endowments are expendable pursuant to the time or purpose restrictions stipulated by the donors.

Expendable restricted net position at December 31, 2023, was comprised of the following:

Dr. Philip Benjamin Academic Improvement Trust	\$ 3,173,257
Florida Health Care Grant	379,997
Florida Scholarship Matching Program	8,141,466
Florida Blue Scholarship Program	1,942
Dr. Philip Benjamin Academic Improvement Trust- to be matched	582,915
Florida Scholarship Matching Program- to be matched	1,675,935
Promises to give	541,841
Other	<u>8,976,777</u>
	<u>\$ 23,474,130</u>

Nonexpendable restricted net position at December 31, 2023, was comprised of the following:

Dr. Philip Benjamin Academic Improvement Trust	\$ 1,698,309
Florida Health Care Grant	121,337
Florida Scholarship Matching Program	5,585,179
Dr. Philip Benjamin Academic Improvement Trust- to be matched	110,132
Florida Scholarship Matching Program- to be matched	7,533,813
Other	<u>1,681,954</u>
	<u>\$ 16,730,724</u>

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. CHANGES IN ENDOWMENT NET POSITION

The following tables present the changes in net position for the Foundation's endowments for the year ended December 31, 2023:

	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total</u>
Endowment net position, beginning of year	\$ 12,649,874	\$ 15,654,396	\$ 28,304,270
Interest and dividends	748,602	-	748,602
Net appreciation	3,379,928	-	3,379,928
Contributions	-	825,730	825,730
Appropriation of endowment assets, for expenditure	(2,027,373)	-	(2,027,373)
Other changes	1,190,546	250,598	1,441,144
Endowment net position, end of year	<u>\$ 15,941,577</u>	<u>\$ 16,730,724</u>	<u>\$ 32,672,301</u>

8. 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 input are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the Foundation's assets and liabilities at December 31, 2023, was as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents				
Money market mutual funds	\$ 2,683,227	\$ -	\$ -	\$ 2,683,227
Investments				
Equity mutual funds	24,247,467	-	-	24,247,467
Fixed income mutual funds	10,824,758	-	-	10,824,758
Federal agency obligations	-	73	-	73
Assets held under split-interest agreements				
Funds held in trust	241,938	-	-	241,938
Funds held in trust by others	-	1,699,015	-	1,699,015
Total assets	37,997,390	1,699,088	-	39,696,478
Liability under split-interest agreement	-	-	(154,630)	(154,630)
Total	<u>\$ 37,997,390</u>	<u>\$ 1,699,088</u>	<u>\$ (154,630)</u>	<u>\$ 39,541,848</u>

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. FAIR VALUE MEASUREMENTS – CONTINUED

The following methods and assumptions were used to estimate the fair value for each class of asset and liability, measured at fair value:

Money market mutual funds – Funds are measured at the published value per share (unit) and are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Equity mutual funds – Funds are measured at fair value using quoted market prices and are classified as Level 1, as they are traded in an active market for which closing prices are readily available.

Fixed income mutual funds – Funds are classified as Level 1, as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis.

Federal agency obligations – Investments are classified as Level 2 are measured based on quoted prices for similar securities in active markets.

Funds held in trust - Assets held by the Foundation are invested in the Level 1 securities noted above (money market mutual funds, equity mutual funds and fixed income mutual funds).

Funds held in trust by others – The Foundation’s interest in the irrevocable split-interest agreement held or controlled by a third party is classified as Level 2 as the fair value is based on a combination of Level 1 inputs (underlying investments) and significant other observable inputs (the Foundation’s share of the trust portfolio).

Liability under split-interest agreement – The liability is classified as Level 3 as fair value is measured at the present value of the future distributions the Foundation expects to make over the term of the agreement (significant unobservable inputs).

9. RELATED PARTY TRANSACTIONS

Foundation Support

The Foundation provides various levels of monetary support and service to the College. In 2023, the Foundation paid the College \$894,439. This amount includes reimbursements for payments made by the College on behalf of the Foundation, scholarships and lease payments.

The College provides support to the Foundation by providing management and clerical staff, supplies and office expenses, and the use of computer equipment without charge to the Foundation.

The value of these services and materials was recognized as in-kind revenue and expense by the Foundation during the year ended December 31, 2023, as follows:

Supplies	\$ 56,874
Office facilities	27,756
Management and clerical staff	<u>647,926</u>
	<u>\$ 732,556</u>

PENSACOLA STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. RELATED PARTY TRANSACTIONS – CONTINUED

Leases

The Foundation leases the College Centre Apartments from the College for use as dormitories. The lease is classified as an operating lease, is effective through July 31, 2024, and is renewable annually. The annual rental rate is renegotiated at each renewal. The rental expense for the year ended December 31, 2023 was \$58,644. There are no minimum future rental payments as the annual payment had been made as of December 31, 2023.

The Foundation leases land and buildings, two houses, one triplex and one duplex from the College and subleases these as residential apartments to the general public. The leases are classified as operating leases. The leases are effective through 2024 and 2028, and one-year renewal options through 2032. The annual rental payments of \$1 per year were made for 2023. Future minimum payments are \$1 per year through 2024 and 2032. No estimate of the fair value of these leases has been determined.

Total sublease income recognized under these leases for the year ended December 31, 2023, was \$202,961. All subleases are for a period of one year.

Contributions

Total contributions from members of the Board of Governors, their spouses and their businesses totaled \$198,947 for the year ended December 31, 2023. Promises to give at December 31, 2023, included approximately \$1,000 in promises to give due from members of the Board of Governors and senior Foundation management.

10. 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; injuries to employees; and natural disasters. These risks are subject to Section 768.28, Florida Statutes, and are covered through the purchase of commercial insurance with minimal deductibles and an agreement through the College with the Florida College System Risk Management Consortium. The Foundation has not experienced claims for any of these risks for the past three fiscal years.

11. CONCENTRATION

The Foundation's services are funded by contributions from individuals and businesses in Northwest Florida and by in-kind services and facilities provided by the College. The Foundation's ability to continue to provide the same level of services is dependent on continued funding from these sources.

OTHER INFORMATION

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
DR. PHILIP BENJAMIN MATCHING GRANT PROGRAMS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Florida Health Care Grant	Florida Scholarship Matching Program	Dr. Philip Benjamin Academic Improvement Trust	Total
Operating Revenues				
Contributions	\$ -	\$ -	\$ -	\$ -
Match revenues	-	-	-	-
Total operating revenues	-	-	-	-
Operating Expenses				
Program services	1,178	185,730	16,526	203,434
Operating Loss	(1,178)	(185,730)	(16,526)	(203,434)
Nonoperating Revenues (Losses)				
Interest and dividend income	-	-	-	-
Net unrealized and realized gain (loss) on investments	-	-	-	-
Other income	-	-	-	-
Net nonoperating revenues (losses)	-	-	-	-
Change in Net Position	(1,178)	(185,730)	(16,526)	(203,434)
Net Position, Beginning of Year	502,512	13,912,375	4,888,092	19,302,979
Net Position, End of Year	\$ 501,334	\$ 13,726,645	\$ 4,871,566	\$ 19,099,545

See independent auditors' report.

**PENSACOLA STATE COLLEGE FOUNDATION, INC.
FLORIDA COMMUNITY COLLEGE SCHOLARSHIP PROGRAMS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Operating Revenues:	
Contributions-Florida Blue	\$ 19,084
Operating Expenses:	
Program services	<u>36,110</u>
Operating Loss	(17,026)
Other Changes in Net Position	
Net transfers to/from other expendable restricted	<u>9,207</u>
Change in Net Position	(7,819)
Net Position, Beginning of Year	9,761
Net Position, End of Year	<u><u>\$ 1,942</u></u>

See independent auditors' report.

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

Board of Directors
Pensacola State College Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pensacola State College Foundation, Inc., [a 501(c)(3) nonprofit corporation], hereinafter referred to as the Foundation, as of and for the year ended December 31, 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 March 20, 2024.

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 determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Warren Averett, LLC

Pensacola, Florida
March 20, 2024