



October 16, 2023

M E M O R A N D U M

TO: Jim Murdaugh, Ph.D.
President

FROM: Barbara Wills, Ph.D.
Vice President for Administrative Services and Chief Business Officer

SUBJECT: Direct Support Organization Audit Reports

Item Description

This item presents the most recent financial audit reports of the direct support organizations (DSO) affiliated with the College for the Board's review.

Overview and Background

Per Florida Statutes 1004.70(6), the College's DSOs must be audited annually and the results be submitted to the Board for review. For the fiscal year ending March 31, 2023, audits were completed for both the Public Safety Academy Housing, Inc. and the Tallahassee Community College Foundation, Inc.

Funding/ Financial Implications

No funding requirements.

Past Actions by the Board

The Board last reviewed the audited financial statements for these DSOs at the September 19, 2022 meeting.

Recommended Action

Presented as an information item only.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
TABLE OF CONTENTS
MARCH 31, 2023 AND 2022

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Basic Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – For the Year Ended March 31, 2023	5
Statement of Functional Expenses– For the Year Ended March 31, 2022	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 17
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 <i>Government Auditing Standards</i>	18 – 19



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Tallahassee Community College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tallahassee Community College Foundation, Inc. (the Foundation), a component unit of Tallahassee Community College (the College), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 one year after the date that the financial statements are issued.

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 GAAS 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 judgement made by a reasonable user based on the financial statements.

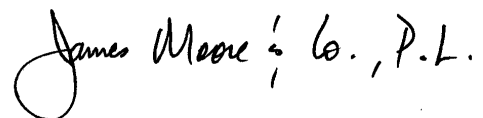
In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2023 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
August 24, 2023

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 150,640	\$ 56,353
Investments	1,231,445	1,641,480
Current portion contributions receivable	402,814	405,247
Prepaid expenses	-	49,752
Total current assets	<u>1,784,899</u>	<u>2,152,832</u>
Noncurrent assets		
Cash and cash equivalents restricted for endowments	510,140	448,682
Investments restricted for endowments	17,465,168	19,184,371
Noncurrent portion contributions receivable, net	421,614	136,949
Land held for sale	410,000	325,000
Collectibles and other assets	-	5,777
Total noncurrent assets	<u>18,806,922</u>	<u>20,100,779</u>
Total Assets	<u><u>\$ 20,591,821</u></u>	<u><u>\$ 22,253,611</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Accounts payable and accrued expenses	\$ 109,405	\$ 140,150
Total current liabilities	<u>109,405</u>	<u>140,150</u>
Total liabilities	<u>109,405</u>	<u>140,150</u>
Net assets		
Without donor restrictions	1,574,560	1,183,071
With donor restrictions	18,907,856	20,930,390
Total net assets	<u>20,482,416</u>	<u>22,113,461</u>
Total Liabilities and Net Assets	<u><u>\$ 20,591,821</u></u>	<u><u>\$ 22,253,611</u></u>

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Private contributions	\$ 266,237	\$ 1,973,312	\$ 2,239,549	\$ 73,003	\$ 1,349,333	\$ 1,422,336
In-kind contributions	603,820	-	603,820	723,798	-	723,798
Investment income, net	(71,858)	(1,358,203)	(1,430,061)	9,993	1,133,360	1,143,353
Special events	1,378,522	-	1,378,522	276,930	25,000	301,930
Miscellaneous	31,662	-	31,662	13,873	-	13,873
Net assets released from restrictions:						
Satisfaction of program and time restrictions	2,637,643	(2,637,643)	-	2,062,879	(2,062,879)	-
Total support and revenues	<u>4,846,026</u>	<u>(2,022,534)</u>	<u>2,823,492</u>	<u>3,160,476</u>	<u>444,814</u>	<u>3,605,290</u>
Expenses						
Program services - educational activities	1,741,660	-	1,741,660	2,146,375	-	2,146,375
General and administrative	392,796	-	392,796	515,126	-	515,126
Development activities	2,320,081	-	2,320,081	472,099	-	472,099
Total expenses	<u>4,454,537</u>	<u>-</u>	<u>4,454,537</u>	<u>3,133,600</u>	<u>-</u>	<u>3,133,600</u>
Increase (decrease) in net assets	<u>391,489</u>	<u>(2,022,534)</u>	<u>(1,631,045)</u>	<u>26,876</u>	<u>444,814</u>	<u>471,690</u>
Net assets, beginning of year	1,183,071	20,930,390	22,113,461	1,156,195	20,485,576	21,641,771
Net assets, end of year	<u>\$ 1,574,560</u>	<u>\$ 18,907,856</u>	<u>\$ 20,482,416</u>	<u>\$ 1,183,071</u>	<u>\$ 20,930,390</u>	<u>\$ 22,113,461</u>

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	Educational Activities	General and Administrative	Development Activities	Total
Contract services	\$ 28,190	\$ 78,714	\$ 1,420,359	\$ 1,527,263
Scholarships	811,448	-	-	811,448
Academic and athletic support	604,526	9,520	-	614,046
Rental	7,044	63,811	376,222	447,077
Personnel services	140,844	67,113	218,972	426,929
Hospitality and events	63,715	30,950	60,372	155,037
Materials and supplies	53,761	7,689	85,004	146,454
Advertising	4,397	4,530	57,621	66,548
Professional fees	-	58,088	-	58,088
Miscellaneous	20,304	5,219	32,476	57,999
Travel	1,928	4,234	29,511	35,673
Bad debt	-	26,568	-	26,568
Printing and postage	1,845	7,417	14,546	23,808
Bank fees	-	10,575	12,371	22,946
Insurance	-	7,127	8,314	15,441
Meetings	833	7,063	121	8,017
Honoraria and awards	2,810	1,008	4,167	7,985
Dues and subscriptions	-	3,170	-	3,170
Licenses	-	-	25	25
Training	15	-	-	15
Total expenses	\$ 1,741,660	\$ 392,796	\$ 2,320,081	\$ 4,454,537

The accompanying notes to the financial statements
are an integral part of this statement.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	<u>Educational Activities</u>	<u>General and Administrative</u>	<u>Development Activities</u>	<u>Total</u>
Academic and athletic support	\$ 888,903	\$ 9,259	\$ -	\$ 898,162
Scholarships	708,478	-	-	708,478
Personnel services	253,931	93,988	64,307	412,226
Contract services	87,904	101,600	203,542	393,046
Materials and supplies	86,850	23,233	90,705	200,788
Professional fees	-	149,450	-	149,450
Hospitality and events	21,794	33,941	51,684	107,419
Rental	44,080	15,601	13,549	73,230
Printing and postage	15,972	7,284	13,977	37,233
Bad debt	-	31,956	-	31,956
Honoraria and awards	11,538	14,765	4,640	30,943
Miscellaneous	14,573	5,827	3,690	24,090
Advertising	7,279	1,160	14,120	22,559
Travel	3,054	432	11,707	15,193
Bank fees	-	11,933	-	11,933
Meetings	1,119	5,399	153	6,671
Insurance	-	6,040	-	6,040
Dues and subscriptions	-	2,313	-	2,313
Training	900	945	-	1,845
Licenses	-	-	25	25
Total expenses	<u><u>\$ 2,146,375</u></u>	<u><u>\$ 515,126</u></u>	<u><u>\$ 472,099</u></u>	<u><u>\$ 3,133,600</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash received from contributors and others	\$ 2,763,760	\$ 1,343,202
Cash received from interest and dividends	388,950	427,787
Cash paid for scholarships and suppliers	(3,825,933)	(2,375,669)
Net cash used in operating activities	(673,223)	(604,680)
Cash flows from investing activities		
Purchases of investments	-	(363,235)
Sales of investments	531,981	790,285
Net cash provided by investing activities	531,981	427,050
Cash flows from financing activities		
Contributions restricted for endowments	296,987	288,041
Increase in cash and cash equivalents, and restricted cash	155,745	110,411
Cash and cash equivalents, and restricted cash beginning of year	505,035	394,624
Cash and cash equivalents, and restricted cash end of year	\$ 660,780	\$ 505,035
Reconciliation of increase (decrease) in net assets to net cash used in operating activities		
Increase (decrease) in net assets	\$ (1,631,045)	\$ 471,690
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Realized and unrealized (gain) loss on investments	1,512,257	(1,034,193)
(Increase) decrease in:		
Prepaid expenses	49,752	(49,752)
Collectibles and other assets	5,777	-
Contributions receivable	(282,232)	211,731
Increase (decrease) in:		
Accounts payable and accrued expenses	(30,745)	83,885
Contributions restricted for endowments	(296,987)	(288,041)
Total adjustments	957,822	(1,076,370)
Net cash provided by (used in) operating activities	\$ (673,223)	\$ (604,680)
Supplemental schedule of non-cash investing and financing activities:		
Prepaid gift cards	\$ -	\$ 22,025
Gift cards used by students	-	(24,454)
	\$ -	\$ (2,429)

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:**

(a) **Nature of organization**—Tallahassee Community College Foundation, Inc. (the Foundation) was incorporated on February 23, 1981, as a Florida non-profit corporation under the provisions of 1004.70 Florida Statutes – Community College Direct Support Organizations. The Foundation was organized to aid the advancement of Tallahassee Community College (the College) and to support attending students by means of academic scholarships and student loans. The Foundation receives revenue primarily from private contributions, donated services from the College, fund raising events, and earnings from its managed investment pools.

(b) **Basis of presentation and classification of net assets**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation’s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions - consists of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations.

Net assets with donor restrictions - consists of amounts that are available for the purposes restricted by donors and grantors, a time restriction, or to be held in perpetuity with earnings restricted for a specific purpose. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(c) **Land held for sale**—Land held for sale consists of real property donated to the Foundation, recorded and held at its fair value.

(d) **Collectibles**—Inexhaustible collectibles consist of silver trays and paintings and are valued at their fair market value at the date of the gifts. Collectibles that are exhaustible are capitalized and included with other assets in the financial statements.

(e) **Income taxes**—The Foundation is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

Due to its tax-exempt status, the Foundation is not subject to U.S. federal income tax or state income tax. The Foundation’s Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three (3) years.

(f) **Advertising costs**—The Foundation expenses advertising costs as incurred.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Cash and cash equivalents**—For the purposes of reporting cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash, cash equivalents, or restricted cash.

The following are amounts for cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

	2023	2022
Cash and cash equivalents	\$ 150,640	\$ 56,353
Cash restricted for endowment purposes	510,140	448,682
	\$ 660,780	\$ 505,035

(h) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(i) **Functional allocation of expenses**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. In-kind salaries and benefits provided by the College are allocated based on management’s estimate of time and effort. All other expenses are recorded based on the nature of the expense directly related to the functional category.

(j) **Fair value measurements**—The Foundation’s investments are stated at fair value (see Note 6). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(k) **Pronouncements issued**—In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among Foundations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021. The Foundation evaluated the effect of implementation of the standard and noted it had no effect on the financial position, results of operations, and cash flows.

(2) **Related Party Transactions:**

Personnel and certain facility costs are provided to the Foundation by the College. For the years ended March 31, 2023 and 2022, the Foundation has recorded these donated services at \$426,929 and \$412,227 for personnel services, \$62,142 and \$62,142 for facility costs, and \$114,361 and \$249,305 for other office expenses, respectively.

In addition, during the years ending March 31, 2023 and 2022, the Foundation utilized the services of vendors owned by board members in the amount of \$23,072 and 24,177, respectively.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(3) Contributions Receivable:

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows have been calculated using a discount rate of 3.60% and 2.42%, after providing for collection losses for the years ended March 31, 2023 and 2022, respectively. A summary of contributions to be collected follows:

	2023	2022
In one year or less	\$ 402,813	\$ 405,247
Between one year and ten years	553,812	160,683
	956,625	565,930
Less:		
Allowance for collection losses	(34,608)	(21,239)
Discounts for time-value of money	(97,589)	(2,495)
	\$ 824,428	\$ 542,196

The Foundation is the beneficiary of conditional promises to give. A conditional promise requires a future event to take place before the promise becomes binding on the donor. Typically, the Foundation has no control over the required event. As of March 31, 2023 and 2022, the Foundation was the beneficiary of various promises to give that did not meet recognition criteria of approximately \$3,760,000 and \$3,760,000, respectively. No receivable was recorded for these conditional pledges, nor was future support recognized.

(4) Land Held for Sale:

Land held for sale currently consists of one (1) parcel of real property. The proceeds are restricted to use in promotion and funding of higher education efforts of children graduating from Wakulla County Schools. As market conditions change, the parcel's appraised value can suffer impairment losses from the determined fair market value recorded at date of donation. A summary of land held for sale, investment, and development is as follows:

	2023	2022
Approximately forty-eight (48) acres, DR. MLK Jr. Road, Crawfordville, Florida	\$ 605,000	\$ 605,000
Impairment loss	(195,000)	(280,000)
	\$ 410,000	\$ 325,000

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(5) **Investments:**

Investments are carried at fair value; realized and unrealized gains and losses are reflected in investment income, net, in the Statement of Activities. The following are the major types of investments held by the Foundation at March 31, 2023 and 2022:

	2023	2022
Investment pool	\$ 17,465,168	\$ 19,184,371
Bond mutual and exchange traded funds	1,231,445	1,641,480
	\$ 18,696,613	\$ 20,825,851

March 31, 2023

Investment pool consists of 96.1% in mutual funds, 3.9% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2023.

March 31, 2022

Investment pool consists of 94.1% in mutual funds, 5.9% in FEG pooled investment funds, and less than 1% in demand deposits as of March 31, 2022.

The investment return, which is included in revenue and support as a component of investment income, is composed of the following for the years ended March 31:

	2023	2022
Interest and dividends	\$ 283,213	\$ 663,298
Net realized gain (loss) on investments	127,587	74,638
Net unrealized gain (loss) on investments	(1,797,784)	448,953
Investment fees	(43,077)	(43,536)
	\$ (1,430,061)	\$ 1,143,353

(6) **Commitments:**

As of March 31, 2023 and 2022, the Foundation maintained programmatic grant commitments to the College in the amounts of \$99,500 and \$100,321 for promises to give conditional upon the College's satisfaction of compliance with donor/grantor restrictions.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(7) **Fair Value Measurements:**

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The guidance describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. The fair values of the Foundation's Level 2 closely-managed investment funds and land held for sale and investment are based on program management's estimate of the underlying value of the net assets and market appraisals of similar assets, respectively.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Fair Value Measurements at March 31, 2023

Description	(Level 1)	(Level 2)	(Level 3)	Fair Value
Investments restricted for endowment purposes:				
Money market funds	\$ 510,140	\$ -	\$ -	\$ 510,140
Domestic equity securities	8,638,435	-	-	8,638,435
International equity securities	5,765,438	-	-	5,765,438
Domestic bond mutual funds	1,751,369	-	-	1,751,369
International bond mutual funds	745,568	-	-	745,568
FEG pooled investments	-	564,358	-	564,358
Total investments restricted for endowment purposes:	<u>17,410,950</u>	<u>564,358</u>	<u>-</u>	<u>17,975,308</u>
Non-endowed investments:				
Equity mutual funds	315,409	-	-	315,409
Bond mutual and ETF's	916,036	-	-	916,036
Total non-endowed investments:	<u>1,231,445</u>	<u>-</u>	<u>-</u>	<u>1,231,445</u>
Nonfinancial assets:				
Land	-	410,000	-	410,000
Total assets	<u>\$ 18,642,395</u>	<u>\$ 974,358</u>	<u>\$ -</u>	<u>\$ 19,616,753</u>

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(7) **Fair Value Measurements:** (Continued)

Fair Value Measurements at March 31, 2022				
Description	(Level 1)	(Level 2)	(Level 3)	Fair Value
Investments restricted for endowment purposes:				
Money market funds	\$ 408,844	\$ -	\$ -	\$ 408,844
Domestic equity securities	10,271,981	-	-	10,271,981
International equity securities	5,806,280	-	-	5,806,280
Domestic bond mutual funds	1,706,123	-	-	1,706,123
International bond mutual funds	614,057	-	-	614,057
FEG pooled investments	-	785,930	-	785,930
Total investments restricted for endowment purposes:	18,807,285	785,930	-	19,593,215
Non-endowed investments:				
Equity mutual funds	415,718	-	-	415,718
Bond mutual and ETF's	1,225,762	-	-	1,225,762
Total non-endowed investments:	1,641,480	-	-	1,641,480
Nonfinancial assets:				
Land	-	325,000	-	325,000
Total assets	\$ 20,448,765	\$ 1,110,930	\$ -	\$ 21,559,695

(8) **Endowments:**

The Foundation's endowments consist of one hundred fifty (150) donor restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

Interpretation of Relevant Law—Florida has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective on July 1, 2012. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation's Board of Directors. Although UPMIFA does not preclude the Foundation from spending below the original gift value of donor-restricted endowments, the Foundation considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor.

With regard to donor restricted endowments, the Foundation respects and enforces the donor's restriction to preserve the historic gift value of the fund.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(8) **Endowments:** (Continued)

Endowment Spending Policy—The maximum endowment spending is equal to 4% of a five (5) year moving average of endowment fund balances starting from the most recent calendar year end. If an endowment does not have five (5) years of historical returns, then the calendar year end balance would be averaged to the extent available. The payout is subject to the following provisions:

1. No disbursement will be made if the endowment fund balance is less than corpus, defined as donor restricted contributions to be held in perpetuity, at the time of the spending calculation.
2. The endowment spending payout is limited to the lesser of the maximum endowment spending calculated above, or the amount by which the endowment fund balance exceeds corpus.

Endowment Investment Policy—The endowment investment policy adopted by the Foundation’s Board of Directors seeks long-term growth of principal to preserve and grow Foundation assets, cover expenses, and maintain the approved spending rate of the funds. The Foundation maximizes the probability that the funds will meet or exceed an annualized target rate of return, adjusted for inflation, by having a target rate of return equal to the Board-adopted spending policy’s percentage amount plus inflation and expenses. The Board of Directors considers and seeks to minimize appropriate risks when overseeing the funds managed by its contracted investment advisor and selecting its investment strategies. The strategies for achieving the Foundation’s investment objectives include a well-diversified portfolio, target allocations in each investment category, guidelines and restricted investments, benchmarks for performance of each asset class, low fees, performance measurement, regular monitoring, and detailed reports.

Endowment net assets composition by type of fund as of March 31, 2023:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Donor-restricted endowment funds	\$ 9,064,702	\$ 6,735,091	\$ 15,799,793
	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Endowment net assets, beginning of year	\$ 9,073,004	\$ 8,811,731	\$ 17,884,735
Investment return, net	-	(1,443,203)	(1,443,203)
Contributions	318,079	-	318,079
Transfers	(326,381)	-	(326,381)
Amounts appropriated for expenditure	-	(633,437)	(633,437)
	\$ 9,064,702	\$ 6,735,091	\$ 15,799,793

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(8) **Endowments:** (Continued)

Endowment net assets composition by type of fund as of March 31, 2022:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Donor-restricted endowment funds	\$ 9,073,004	\$ 8,811,731	\$ 17,884,735

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total Funds
Endowment net assets, beginning of year	\$ 8,732,245	\$ 8,357,258	\$ 17,089,503
Investment return, net	-	1,133,360	1,133,360
Contributions	309,764	-	309,764
Transfers	30,995	-	30,995
Amounts appropriated for expenditure	-	(678,887)	(678,887)
	\$ 9,073,004	\$ 8,811,731	\$ 17,884,735

(9) **Underwater Endowment Funds:**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in eleven (11) donor-restricted endowment funds, which together have an original gift value of \$165,175, a current fair value of \$142,967 and a deficiency of \$22,208 as of March 31, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

(10) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

- (a) **Demand and Time Deposits**—The Foundation maintains cash and time deposits with several financial institutions and brokerage houses. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with the financial institutions are federally insured up to FDIC limits. At brokerage houses, amounts are insured by the Securities Investor Protection Corporation (SIPC) up to the SIPC limits.
- (b) **Financial Instruments**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(10) **Concentrations of Credit Risk:** (Continued)

- (c) **Contributions Receivable**—Financial instruments that potentially subject the Foundation to concentrations of credit risk include contributions receivable. The contributions receivable is made up of pledge receivables from donors.

(11) **Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of March 31, 2023 and 2022, are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Scholarships and grants	\$ 836,507	\$ 1,329,229
Academic, student programs, and support	542,649	919,783
Facility Support	576,050	-
Pledges receivable with purpose restrictions, net	655,184	397,163
	2,610,390	2,646,175
Subject to the passage of time:		
Pledges receivable without restrictions, net	106,431	74,479
Land	410,000	325,000
	516,431	399,479
Subject to spending policy and appropriation:		
Accumulated gains and term endowments	6,735,091	8,811,731
Pledges receivable to be held in perpetuity, net	62,813	91,410
Endowment funds restricted in perpetuity	8,983,131	8,981,595
	15,781,035	17,884,736
Total net assets with donor restrictions	\$ 18,907,856	\$ 20,930,390

(12) **Liquidity and Availability of Resources:**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Non-endowed cash and cash equivalents	\$ 150,640	\$ 56,353
Non-endowed investments	1,231,445	1,641,480
Current portion of contributions receivable	402,813	405,247
	\$ 1,784,898	\$ 2,103,080

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

(12) **Liquidity and Availability of Resources:** (Continued)

It is the Foundation's policy to employ cash at all times in short term cash equivalents to provide safety, liquidity and return. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment return of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, bond mutual funds and exchange traded funds.

For the purposes of analyzing resources available to meet general expenditures over a twelve (12) month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Endowment spending and endowed assets are not included in this calculation, refer to Note 7 for information on the Endowment spending policy of the Foundation.

(13) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 24, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed other than the event noted below.

**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**

To the Board of Directors,
Tallahassee Community College Foundation, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee Community College Foundation, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated August 24, 2023.

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 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.

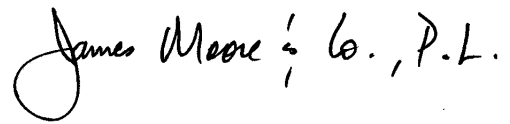
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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.

James Moore & Co., P.L.

Tallahassee, Florida
August 24, 2023

PUBLIC SAFETY ACADEMY HOUSING, INC.
Havana, Florida

FINANCIAL STATEMENTS

Years Ended March 31, 2023 and 2022

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 11
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 <i>GOVERNMENT AUDITING STANDARDS</i>	12 - 13

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.
SAWYER SCHMOOKLER, C.P.A.

OF COUNSEL
HAROLD A. BROCK, JR. C.P.A.
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Public Safety Academy Housing, Inc.
Havana, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Public Safety Academy Housing, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Safety Academy Housing, Inc. as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Public Safety Academy Housing, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Public Safety Academy Housing, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Public Safety Academy Housing, Inc.'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 Public Safety Academy Housing, Inc.'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of Public Safety Academy Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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 Public Safety Housing, Inc.'s internal control over financial reporting and compliance.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 be presented to supplement the basic financial statements. Such information, although not a part of 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 inquiring with 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.

Thomson Brock Impact Company

Tallahassee, Florida
June 29, 2023

PUBLIC SAFETY ACADEMY HOUSING, INC.
Management's Discussion and Analysis

The discussion and analysis of Public Safety Academy Housing, Inc.'s financial statements provides an overview of the financial activities for the year ended March 31, 2023. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains activities of the Public Safety Academy Housing, Inc. for fiscal years 2023 and 2022.

Public Safety Academy Housing, Inc. was incorporated on February 26, 2003, as a direct support organization of Tallahassee Community College for the purpose of financing and constructing a housing facility at the College's Florida Public Safety Institute. The housing facility was financed by a \$9 million mortgage note and was completed on January 4, 2006. Upon completion, Public Safety Academy Housing, Inc. executed an agreement with the College whereby the College leases the housing facility from Public Safety Academy Housing, Inc. and is responsible for operating and maintaining the facility. During the fiscal year ended March 31, 2015, the Organization refinanced its original mortgage rate and borrowed an additional \$575,000 in a separate mortgage note payable to renovate and refurbish the dormitory. All revenues generated by the facility are retained by the College. In exchange, Public Safety Academy Housing, Inc. receives monthly lease payments totaling \$763,500 for the fiscal year ending March 31, 2023, for its mortgage payments and operating expenses.

By design, Public Safety Academy Housing, Inc. was limited in its establishment to obtaining the financing and constructing the housing facility, with all post completion activities to be the responsibility of the College. Accordingly, 2023 financial activities consist of monthly lease receipts, mortgage payments, and the recognition of certain costs (depreciation) incurred during prior years but recognized as current year expenses. The nature of Public Safety Academy Housing, Inc.'s future activities can be expected to remain consistent with those of the 2023 fiscal year.

See independent auditors' report.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ <u>1,642</u>	\$ <u>68,573</u>
TOTAL CURRENT ASSETS	1,642	68,573
PROPERTY AND EQUIPMENT, Net	<u>4,710,629</u>	<u>4,950,767</u>
	\$ <u><u>4,712,271</u></u>	\$ <u><u>5,019,340</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of mortgage notes payable	\$ 643,956	\$ 678,747
Interest payable	<u>-</u>	<u>5,878</u>
TOTAL CURRENT LIABILITIES	643,956	684,625
LONG-TERM LIABILITIES		
Mortgage notes payable	<u>893,625</u>	<u>1,592,275</u>
TOTAL LIABILITIES	1,537,581	2,276,900
NET ASSETS		
Invested in capital assets, net of related debt	3,173,048	2,673,867
Unrestricted	<u>1,642</u>	<u>68,573</u>
	<u>3,174,690</u>	<u>2,742,440</u>
	\$ <u><u>4,712,271</u></u>	\$ <u><u>5,019,340</u></u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE		
Lease income	\$ 763,500	\$ 735,500
OPERATING EXPENSES		
Depreciation	240,138	240,466
Contractual services	7,332	7,343
Bank service fees	79	-
	<u>247,549</u>	<u>247,809</u>
OPERATING INCOME	515,951	487,691
NONOPERATING EXPENSE		
Interest expense	<u>83,701</u>	<u>78,400</u>
CHANGES IN NET ASSETS	432,250	409,291
BEGINNING NET ASSETS	<u>2,742,440</u>	<u>2,333,149</u>
ENDING NET ASSETS	\$ <u>3,174,690</u>	\$ <u>2,742,440</u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Rents and fees collected	\$ 763,500	\$ 735,500
Payments to vendors	(7,411)	(7,343)
Payments for interest expense	(89,579)	(72,522)
NET CASH PROVIDED BY OPERATING ACTIVITIES	666,510	655,635
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	(733,441)	(602,760)
NET CASH USED IN FINANCING ACTIVITIES	(733,441)	(602,760)
NET (DECREASE) INCREASE IN CASH	(66,931)	52,875
CASH AT BEGINNING OF YEAR	<u>68,573</u>	<u>15,698</u>
CASH AT END OF YEAR	<u>\$ 1,642</u>	<u>\$ 68,573</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	\$ 432,250	\$ 409,291
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	240,138	240,466
(Decrease) increase in liabilities:		
Interest payable	(5,878)	5,878
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 666,510</u>	<u>\$ 655,635</u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Nature of Business - Public Safety Academy Housing, Inc. (the “Organization”) was incorporated on February 26, 2003 as a direct support organization of Tallahassee Community College (the “College”), within the meaning of Section 240.331, Florida Statutes, or any successor provision. The Organization was formed, among other purposes, to make available housing to participants in programs affiliated with the Florida Public Safety Institute. At the direction of the Board of Trustees of Tallahassee Community College, income derived by the Organization, subject to the assignment of revenue and other amounts derived from the operation of the facility, may be transferred to the Tallahassee Community College. The Organization is a component unit of Tallahassee Community College and is included in the College’s annual report.

A summary of significant accounting policies follows:

Basis of Accounting - The Organization follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recognized when incurred.

Property and Equipment - Cost directly associated with the construction of the housing complex, including interest incurred from financing during the construction period is capitalized to the cost of the building, and depreciation is provided over the building’s estimated life of thirty-nine (39) years on a straight line basis.

Furniture and equipment with a value of or costing over \$500 is recorded at cost and depreciated over its estimated useful life of five (5) to seven (7) years on a straight line basis.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Organization has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Cash Equivalents - For purposes of the statement of cash flows, all highly liquid instruments with a maturity of three (3) months or less are considered to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Election to Apply FASB Accounting Standards Codification - The Organization has elected to apply all FASB Accounting Standards Codification, except for those that conflict with GASB pronouncements, as permitted by GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements.”

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to March 31, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2023. Management has performed their analysis through June 29, 2023, the date of this report.

NOTE 2 - RELATED PARTY TRANSACTIONS

On May 21, 2004, the College entered into a long-term lease to rent ten (10) acres of land to the Organization in order to build the housing complex. Terms of the lease grants the Organization the use of the land for a ninety-nine (99) year term at less than fair market value rates of \$1 each year, paid in advance.

In November 2005, the Organization executed an agreement with the College to operate the housing complex. Terms of the agreement include monthly lease revenue that varied between \$62,000 and \$65,000 for the fiscal year, with automatic annual lease renewals unless thirty (30) day prior notice of cancellation is given by either party. Total lease income earned amounted to \$763,500 and \$735,500 for the years ended March 31, 2023 and 2022, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2023 and 2022, is summarized as follows:

	2023	2022
Building	\$ 8,491,790	\$ 8,491,790
Furniture and equipment	<u>592,650</u>	<u>592,650</u>
	9,084,440	9,084,440
Accumulated depreciation	<u>(4,373,811)</u>	<u>(4,133,673)</u>
	<u>\$ 4,710,629</u>	<u>\$ 4,950,767</u>

Depreciation expense for the years ended March 31, 2023 and 2022 amounted to \$240,138 and \$240,466, respectively.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

NOTES 4 - MORTGAGE NOTES PAYABLE

Mortgage notes payable as of March 31, 2023 and 2022, were as follows:

	2023	2022
<p>\$6,017,876 refinanced mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender; bearing interest at 2.75% through December 31, 2017, then at 3.34% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45%; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	\$ 1,379,525	\$ 2,038,581
<p>\$575,000 mortgage note payable executed November 10, 2014, with Gadsden County, Florida and assigned to a commercial lender. The note bears interest at 3.99% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25%; payable in monthly installments of principal and interest; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.</p>	<div style="text-align: right;"> <u>158,056</u> 1,537,581 </div>	<div style="text-align: right;"> <u>232,441</u> 2,271,022 </div>
<p>Less current portion</p>	<div style="text-align: right;"> <u>(643,956)</u> </div>	<div style="text-align: right;"> <u>(678,747)</u> </div>
	<div style="text-align: right;"> <u>\$ 893,625</u> </div>	<div style="text-align: right;"> <u>\$ 1,592,275</u> </div>

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023 and 2022

NOTES 4 - MORTGAGE NOTES PAYABLE (Continued)

As of March 31, 2023, the scheduled maturities of the mortgage notes payable were as follows:

	<u>Principal</u>	<u>Interest</u>
March 31, 2024	\$ 643,956	\$ 34,212
2025	719,417	16,947
2026	<u>174,208</u>	<u>851</u>
	<u>\$ 1,537,581</u>	<u>\$ 52,010</u>

FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.
SAWYER SCHMOOKLER, C.P.A.

OF COUNSEL
HAROLD A. BROCK, JR. C.P.A.
W. FREDERICK THOMSON, C.P.A.

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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
Public Safety Academy Housing, Inc.
Havana, 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 Public Safety Academy Housing, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 29, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Public Safety Academy Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Public Safety Academy Housing, Inc.'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 the internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Public Safety Academy Housing, Inc. are free of 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 financial statement amounts. 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Thomson Block Audit Company". The signature is written in a cursive, flowing style.

Tallahassee, Florida
June 29, 2023