

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS  
THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.

June 30, 2016 and 2015

## TABLE OF CONTENTS

Independent Auditors' Report	3 - 4
Financial Statements	
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6 - 7
Statements of Cash Flows	8
Statements of Functional Expenses	9 - 10
Notes to Financial Statements	11 - 26
Supplementary Information	27
Credit Risk Disclosure	28
Statement of Financial Position Segregating Foundation Activities and Leasing Activities	29
Statement of Activities Segregating Foundation Activities and Leasing Activities	30
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>	31 - 33



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INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Hillsborough Community College Foundation, Inc.

We have audited the accompanying financial statements of The Hillsborough Community College Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Prior Period Financial Statements

The financial statements of The Hillsborough Community College Foundation, Inc. as of June 30, 2015, were audited by other auditors whose report dated July 27, 2015, expressed an unmodified opinion on those statements.

## Other Matters

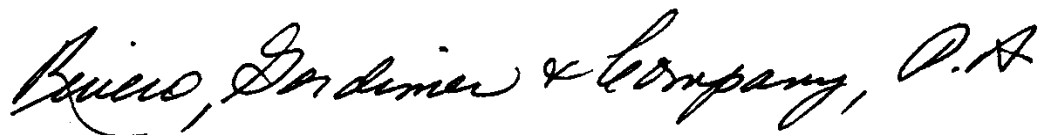
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The credit risk disclosure on page 28 and the statement of financial position and statement of activities segregating foundation activities and leasing activities on pages 29 and 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016, on our consideration of the Foundation's internal control over financial reporting and on our test 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.



Tampa, Florida  
July 27, 2016

The Hillsborough Community College Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (notes A6 and H)	\$ 1,198,216	\$ 841,994
Accounts receivable	91,271	142,285
Tenant rent receivable	6,623	21,654
Unconditional promises to give (notes A4 and A10)	424,250	41,370
Prepaid expenses	18,721	34,224
Total current assets	<u>1,739,081</u>	<u>1,081,527</u>
CASH RESTRICTED FOR LONG-TERM PURPOSES (note A7)	3,050,992	2,748,040
PROPERTY AND EQUIPMENT, NET (note A13 and D)	11,567,554	12,188,936
INVESTMENTS (notes A9, A11, B, and C)	7,692,656	7,471,521
BOND ISSUANCE COSTS, NET (note J)	205,489	217,941
	<u>22,516,691</u>	<u>22,626,438</u>
TOTAL ASSETS	<u><u>\$24,255,772</u></u>	<u><u>\$23,707,965</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 130,289	\$ 206,576
Deferred revenue	33,065	32,784
Student housing revenue bonds interest payable	46,248	48,227
Current portion of student housing revenue bonds (note K)	575,000	550,000
Total current liabilities	<u>784,602</u>	<u>837,587</u>
LONG-TERM LIABILITIES		
Student revenue bonds, net of current portion (note K)	14,665,000	15,240,000
Derivative liability (note M)	201,511	725,431
Total long-term liabilities	<u>14,866,511</u>	<u>15,965,431</u>
TOTAL LIABILITIES	<u>15,651,113</u>	<u>16,803,018</u>
NET ASSETS (note I)		
Unrestricted - undesignated	407,133	(437,640)
Unrestricted - board designated endowment	33,630	33,630
Temporarily restricted	4,955,221	4,523,576
Permanently restricted	3,208,675	2,785,381
TOTAL NET ASSETS	<u>8,604,659</u>	<u>6,904,947</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$24,255,772</u></u>	<u><u>\$23,707,965</u></u>

The accompanying notes are an integral part of these statements.

The Hillsborough Community College Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 58,448	\$ 1,746,459	\$ 416,394	\$ 2,221,301
Contributed services and in-kind	570,712	1,436	-	572,148
State matching	-	43,442	-	43,442
Grants	429,820	-	-	429,820
Student housing operating revenue	3,329,156	-	-	3,329,156
Special events, net (note G)	-	177,078	-	177,078
Net investment income (note B)	66,670	156,418	-	223,088
Realized gain (loss) on investments (note B)	393,170	(7,663)	-	385,507
Unrealized loss on investments (note B)	(402,390)	(267,082)	-	(669,472)
Unrealized gain on derivative activity (note C)	523,920	-	-	523,920
Total public support and revenue	<u>4,969,506</u>	<u>1,850,088</u>	<u>416,394</u>	<u>7,235,988</u>
Net asset transfers	-	(6,900)	6,900	-
Net assets released from restrictions	<u>1,411,543</u>	<u>(1,411,543)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>6,381,049</u>	<u>431,645</u>	<u>423,294</u>	<u>7,235,988</u>
Expenses				
Program expenses	1,767,751	-	-	1,767,751
Hawks Landing	3,126,770	-	-	3,126,770
Support services	252,702	-	-	252,702
Development	389,053	-	-	389,053
Total expenses	<u>5,536,276</u>	<u>-</u>	<u>-</u>	<u>5,536,276</u>
Change in net assets	844,773	431,645	423,294	1,699,712
Net assets at beginning of year	<u>(404,010)</u>	<u>4,523,576</u>	<u>2,785,381</u>	<u>6,904,947</u>
Net assets at end of year	<u>\$ 440,763</u>	<u>\$ 4,955,221</u>	<u>\$ 3,208,675</u>	<u>\$ 8,604,659</u>

The accompanying notes are an integral part of this statement.

The Hillsborough Community College Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Contributions	\$ 76,127	\$ 613,761	\$ 156,451	\$ 846,339
Contributed services and in-kind	544,004	-	-	544,004
State matching	-	85,463	-	85,463
Grants	460,833	262,597	-	723,430
Student housing operating revenue	3,166,567	-	-	3,166,567
Special events, net (note G)	-	173,846	-	173,846
Other student housing revenue	60,099	-	-	60,099
Net investment income (note B)	75,194	168,045	-	243,239
Realized gain on investments (note B)	33,618	61,694	-	95,312
Unrealized loss on investments (note B)	(93,610)	(188,374)	-	(281,984)
Unrealized gain on derivative activity (note C)	469,743	-	-	469,743
Total public support and revenue	<u>4,792,575</u>	<u>1,177,032</u>	<u>156,451</u>	<u>6,126,058</u>
Net asset transfers	-	(86,856)	86,856	-
Net assets released from restrictions	<u>1,043,534</u>	<u>(1,043,534)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>5,836,109</u>	<u>46,642</u>	<u>243,307</u>	<u>6,126,058</u>
Expenses				
Program expenses	1,552,275	-	-	1,552,275
Hawks Landing	3,101,744	-	-	3,101,744
Support services	221,502	-	-	221,502
Development	391,525	-	-	391,525
Total expenses	<u>5,267,046</u>	<u>-</u>	<u>-</u>	<u>5,267,046</u>
Change in net assets	569,063	46,642	243,307	859,012
Net assets at beginning of year	<u>(973,073)</u>	<u>4,476,934</u>	<u>2,542,074</u>	<u>6,045,935</u>
Net assets at end of year	<u>\$ (404,010)</u>	<u>\$ 4,523,576</u>	<u>\$ 2,785,381</u>	<u>\$ 6,904,947</u>

The accompanying notes are an integral part of this statement.

The Hillsborough Community College Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the year ended June 30,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 1,699,712	\$ 859,012
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	754,860	737,204
Amortization	12,452	12,452
Provision for bad debts	-	140,684
Net realized and unrealized loss from investments	283,965	186,672
Gain on derivative liability	(523,920)	(469,743)
Decrease (increase) in accounts receivable and tenant rent receivable	66,044	(163,999)
Increase in unconditional promises to give	(382,880)	(35,421)
Decrease (increase) in prepaid and other current assets	15,503	(15,791)
Decrease in accounts payable and accrued expenses	(78,266)	(17,410)
Increase (decrease) in deferred revenue	280	(11,081)
Total adjustments	<u>148,038</u>	<u>363,567</u>
Net cash provided by operating activities	<u>1,847,750</u>	<u>1,222,579</u>
Cash flows from investing activities		
Decrease (increase) in cash restricted for long-term purposes	254,784	(41,537)
Purchase of leasehold improvements and other equipment	(133,477)	(46,142)
Proceeds from sale of investments	2,497,902	1,126,278
Purchase of investments	<u>(3,003,002)</u>	<u>(1,527,744)</u>
Net cash used by investing activities	<u>(383,793)</u>	<u>(489,145)</u>
Cash flows from financing activities		
Increase in cash restricted for long-term purposes	(557,735)	(224,797)
Principal payments on revenue bonds	<u>(550,000)</u>	<u>(520,000)</u>
Net cash used by financing activities	<u>(1,107,735)</u>	<u>(744,797)</u>
Net change in cash and cash equivalents	356,222	(11,363)
Cash and cash equivalents at beginning of year	<u>841,994</u>	<u>853,357</u>
Cash and cash equivalents at end of year	<u>\$ 1,198,216</u>	<u>\$ 841,994</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 716,010</u>	<u>\$ 728,381</u>

The accompanying notes are an integral part of these statements.



The Hillsborough Community College Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2016

	Program Services	Hawks Landing	Total Program Services	Support Services	Development	Total Expenses
Scholarships	\$ 731,146	\$ -	\$ 731,146	\$ -	\$ -	\$ 731,146
College support	1,018,090	-	1,018,090	-	28	1,018,118
Student housing operating expenses	-	1,645,427	1,645,427	-	-	1,645,427
Depreciation and amortization	-	767,312	767,312	-	-	767,312
Interest expense	-	714,031	714,031	-	-	714,031
Salaries and benefits	11,400	-	11,400	177,095	345,068	533,563
Travel, conferences, and training	142	-	142	2,208	4,302	6,652
Postage and freight	-	-	-	691	3,746	4,437
Printing and photography	385	-	385	550	13,307	14,242
Insurance	-	-	-	4,070	-	4,070
Other services	-	-	-	28,399	2,011	30,410
Software costs	6,500	-	6,500	8,258	8,850	23,608
Professional fees	-	-	-	21,250	-	21,250
Advertising and promotions	-	-	-	-	500	500
Supplies	88	-	88	2,181	4,890	7,159
Hospitality	-	-	-	2,628	6,251	8,879
Other expense	-	-	-	5,372	100	5,472
<b>Total expenses</b>	<b>\$ 1,767,751</b>	<b>\$ 3,126,770</b>	<b>\$ 4,894,521</b>	<b>\$ 252,702</b>	<b>\$ 389,053</b>	<b>\$5,536,276</b>

The accompanying notes are an integral part of this statement.

The Hillsborough Community College Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015

	Program Services	Hawks Landing	Total Program Services	Support Services	Development	Total Expenses
Scholarships	\$ 792,263	\$ -	\$ 792,263	\$ -	\$ -	\$ 792,263
College support	733,688	-	733,688	-	542	734,230
Student housing operating expenses	-	1,612,818	1,612,818	-	-	1,612,818
Depreciation and amortization	-	749,656	749,656	-	-	749,656
Interest expense	-	739,270	739,270	-	-	739,270
Salaries and benefits	25,672	-	25,672	155,436	305,106	486,214
Travel, conferences, and training	309	-	309	2,033	3,670	6,012
Postage and freight	60	-	60	366	2,050	2,476
Printing and photography	-	-	-	834	2,669	3,503
Insurance	-	-	-	3,981	-	3,981
Other services	-	-	-	3,280	45,906	49,186
Software costs	-	-	-	20,677	5,653	26,330
Professional fees	-	-	-	24,500	-	24,500
Advertising and promotions	-	-	-	250	1,300	1,550
Supplies	283	-	283	2,206	3,365	5,854
Hospitality	-	-	-	3,645	3,474	7,119
Other expense	-	-	-	4,294	17,790	22,084
<b>Total expenses</b>	<b>\$ 1,552,275</b>	<b>\$ 3,101,744</b>	<b>\$ 4,654,019</b>	<b>\$ 221,502</b>	<b>\$ 391,525</b>	<b>\$5,267,046</b>

The accompanying notes are an integral part of this statement.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A brief description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Organization

The Hillsborough Community College Foundation, Inc.'s (the "Foundation"), was organized in 1974 as a not-for-profit direct support organization of Hillsborough Community College (the College). The Foundation solicits, receives, and manages private and corporate gifts and other income producing ventures for the use and benefit of the College and its students. The Foundation provides academic scholarships for deserving students and other financial assistance to the College in creating and improving its educational programs and facilities as approved by the Hillsborough Community College Board of Trustees. The Foundation functions as a component unit (for accounting purposes only) of the College. The Foundation also provides student housing and has contracted with Peak Campus Management, LLC to manage Hawks Landing, their 420 bed student housing project.

2. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, the funds have been combined.

The Foundation follows the provisions of FASB Accounting Standards Codification Topic 958 "Not-for-Profit Entities" ("ASC 958"). This requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair value.

The Foundation utilizes restricted and unrestricted groupings to account for its resources. ASC 958 requires a statement of financial position, a statement of activities and a statement of cash flows for not-for-profit organizations.

The assets, liabilities and net assets of the Foundation are reported in self-balancing fund groups as follows:

- Unrestricted – Net assets that are not subject to donor-imposed stipulations.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Temporarily Restricted – Net assets subject to donor stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, donors of such assets permit the Foundation to use all or part of the income earned on the assets.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions.

5. Contributions In-Kind

The Foundation recognized donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

6. Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Cash Restricted for Long-Term Purposes

The Student Housing Revenue Bonds (Note K) require that cash be set aside in separate accounts for specific purposes, such as debt service and repairs and maintenance costs for the Hawks Landing Project (Note D). Because these restricted funds are not available for current uses, they are shown separately as a non-current asset in the accompanying statements of financial position.

8. Investments

Investments in debt and equity securities with readily determinable fair values are carried at quoted market value. The net changes in market prices and the realized gains and losses on investments sold are reflected in the statements of activities as the net realized and unrealized gains and losses on investments.

9. Accounts Receivable

Accounts receivable and tenant rent receivable are stated at the amount management expects to collect. Management periodically assesses the collectability of accounts receivable and, when it is determined that the full amount is not collectible, writes off the portion in question or establishes reserves for outstanding balances in question. The Foundation recorded no allowance for doubtful accounts as of June 30, 2016 and 2015. Actual write-offs may exceed the allowance.

10. Unconditional Promises to Give

The fair value of unconditional promises to give to be received in more than one year is estimated based on future cash flows discounted 5% at June 30, 2016 and 2015. Unconditional promises to give to be received in less than one year approximate fair value because of their short maturity. The Foundation monitors the collectability of promises to give and estimates an allowance for uncollectible accounts. There was no allowance for uncollectible promise to give as of June 30, 2016 and 2015. All unconditional pledges at June 30, 2016 and 2015 are due within one year.

11. Fair Value of Financial Instruments

The carrying value of financial instruments such as accounts receivable and accounts payable approximate fair value due to their short-term nature. Long-term debt approximates fair value based on the variable rate.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes, except on “unrelated business income”, under section 501(c)(3) of the U.S. Internal Revenue Code and applicable state statute. During the fiscal years ended June 30, 2016 and 2015, there was no unrelated business income and, therefore, no tax was due.

Contributions to the Foundation qualify for the 50% charitable contributions limitation. The Foundation has been classified as an organization that is not a private foundation and has been designated a “publicly supported” organization.

The Foundation follows the income tax standard for uncertain tax positions. The Foundation has evaluated their tax provisions and determined they have no uncertain tax positions as of June 30, 2016.

13. Land, Buildings and Equipment and Depreciation

The Foundation follows the practice of recording fixed assets at cost if purchased or if donated, at the fair market value on the date of gift with an expected life over one year. Depreciation expense is computed using the straight line method with useful lives ranging from 3 to 27.5 years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Major outlays for capital assets and improvements over \$1,000 are capitalized as projects are constructed.

14. Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If this review reveals an indicator of impairment, as determined based on estimated undiscounted cash flows, the carrying amounts of the related long-lived assets are adjusted to fair value. Management has determined that there has been no impairment in the carrying value of its long-lived assets as of June 30, 2016 and 2015.

15. Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited as shown in the statement of functional expenses.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Reclassifications

Certain amounts from the June 30, 2015 financial statements have been reclassified to conform to the June 30, 2016 presentation.

17. Special Events

The Foundation conducts special events for the purpose of raising money for annual operations. The Foundation had special events revenue of approximately \$288,000 and \$256,000 with related expenses of approximately \$110,000 and \$82,000 during the years ended June 30, 2016 and 2015, respectively.

NOTE B - INVESTMENTS

The Foundation has developed an extensive investment policy which provides the investment committee with general principles for establishing the investing goals of the Foundation. The investment objectives of the Foundation are:

- To provide funding for scholarships, activities, capital assets, and other programs;
- To maintain purchasing power;
- To prudently grow the investment assets to provide additional funding to the Foundation;
- To maximize long-term growth without undue risk, consistent with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA);
- To achieve a competitive rate of return;

The Foundation recognizes the potential conflicts which exist in attempting to achieve these objectives and intends its assets to be invested with the reasonable care, skill, diligence, and prudence consistent with the type of organization this Foundation represents.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - INVESTMENTS - Continued

Investments include the following as of June 30,:

	<u>2016</u>	<u>2015</u>
Large cap growth mutual funds	\$ 1,156,713	\$ 1,225,671
Large cap value mutual funds	1,219,594	1,217,462
Small cap equity mutual funds	960,595	906,871
International equity mutual funds	1,112,305	1,072,620
Fixed income mutual funds	2,784,225	2,726,714
Alternatives	435,217	297,058
Beneficial interest in assets held by others	<u>24,007</u>	<u>25,125</u>
Total	<u>\$ 7,692,656</u>	<u>\$ 7,471,521</u>

Investment income is summarized as follows for the years ended June 30,:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 266,511	\$ 285,797
Realized gains	385,507	95,312
Unrealized losses	(669,472)	(281,984)
Investment expenses	<u>(43,423)</u>	<u>(42,558)</u>
Total investment (loss) income	<u>\$ (60,877)</u>	<u>\$ 56,567</u>

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation has adopted the FASB Accounting Standards Codification Topic. 820, "Fair and Value Measurements" ("ACS 820") which establishes a framework for using fair value to measure assets and liabilities and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price).

Under ACS 820, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. ACS 820 requires disclosures that stratify statement of financial position amounts measured at fair value based on inputs the Foundation used to derive fair value measurements. These strata include:



The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<u>June 30, 2016</u>				
Large cap growth mutual funds	\$ 1,156,713	\$ 1,156,713	\$ -	\$ -
Large cap value mutual funds	1,219,594	1,219,594	-	-
Small cap equity mutual funds	960,595	960,595	-	-
International equity mutual funds	1,112,305	1,112,305	-	-
Fixed income mutual funds	2,784,225	2,784,225	-	-
Alternatives	435,217	435,217	-	-
Derivative swap agreement	201,511	-	201,511	-
Beneficial interest in assets held by others	24,007	-	-	24,007
<b>Total</b>	<b>\$ 7,894,167</b>	<b>\$ 7,668,649</b>	<b>\$ 201,511</b>	<b>\$ 24,007</b>
<u>June 30, 2015</u>				
Large cap growth mutual funds	\$ 1,225,671	\$ 1,225,671	\$ -	\$ -
Large cap value mutual funds	1,217,462	1,217,462	-	-
Small cap equity mutual funds	906,871	906,871	-	-
International equity mutual funds	1,072,620	1,072,620	-	-
Fixed income mutual funds	2,726,714	2,726,714	-	-
Alternatives	297,058	297,058	-	-
Derivative swap agreement	725,431	-	725,431	-
Beneficial interest in assets held by others	25,125	-	-	25,125
<b>Total</b>	<b>\$ 8,196,952</b>	<b>\$ 7,446,396</b>	<b>\$ 725,431</b>	<b>\$ 25,125</b>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following illustrates a rollforward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended June 30, 2016:

Beneficial interest in assets held by others at June 30, 2015	\$ 25,125
Contributions	-
Investment income	1,355
Realized and unrealized losses	(2,351)
Investment expenses	<u>(122)</u>
Beneficial interest in assets held by others at June 30, 2016	<u>\$ 24,007</u>

NOTE D - HAWKS LANDING PROJECT

At June 30, the book value of the fixed assets relating to the Hawks Landing Project were as follows:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 15,039,058	\$ 14,961,482
Land improvements	2,434,784	2,434,784
Furniture, fixtures, and equipment	<u>915,154</u>	<u>862,148</u>
	18,388,996	18,258,414
Less accumulated depreciation	<u>(6,821,442)</u>	<u>(6,069,478)</u>
Total	<u>\$ 11,567,554</u>	<u>\$ 12,188,936</u>

Depreciation expense was approximately \$755,000 and \$737,000 for the years ended June 30, 2016 and 2015, respectively.

The Foundation entered into a master ground lease agreement on July 19, 2006 with Hillsborough Community College. Under this agreement, the Foundation is required to construct certain capital projects. The lease will terminate on the later of 1) January 1, 2035 or 2) the date that all proceeds from the bonds used to construct the capital project on the initial leased premises and any obligations under any "Related Financing Documents" relating to such Bonds are fully paid and cancelled. The term of the master ground lease shall in no event be more than 50 years. Rent is one dollar (\$1.00) per year.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE E - RELATED PARTY TRANSACTIONS

The Foundation provides funds to the College for college scholarships, athletic housing, academic programs, and staff development and support in accordance with the mission statement of the Foundation. For the years ended June 30, 2016 and 2015, these funds totaled \$1,581,319 and \$1,398,290, respectively, which is included as program expenses in the accompanying statements of activities. At June 30, 2016 and 2015, the amount payable to the College is \$41,272 and \$92,311, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

In accordance with the support agreement between the Foundation, the College, and the provider of the letter of credit as revised (note M), the College pays all project related expenses as needed to enable the Foundation to meet the debt service coverage ratio. In the event that the Foundation is unable to reimburse the provider of the letter of credit for draws on the letter of credit to pay debt service for the Hawks Landing Project, the College has agreed to reimburse the provider of the letter of credit for such amounts. For the years ended June 30, 2016 and 2015, the amounts received from the College were \$0 and \$60,099, respectively, which is included in Other Student Housing Revenue in the accompanying statements of activities.

The Foundation is run and managed by personnel that are employees of the College. The College pays the salaries and benefits of these employees on the Foundation's behalf.

The Foundation recorded contributed services, materials, and software totaling \$572,998 and \$544,004 for the years ended June 30, 2016 and 2015, respectively. The offset of these contributed services, materials, and software are included in support services and development expenses on the accompanying statements of functional expenses.

NOTE F - STATE MATCHING PROGRAMS

The Office of Student Financial Assistance matches private contributions pledged for the purpose of this program or unrestricted donations not endowed or previously matched for other programs on a dollar-for-dollar basis. This need-based program provides financial aid to Florida undergraduate residents who demonstrate financial need and neither of whose parents earned a baccalaureate degree or higher. During the years ended June 30, 2016 and 2015, the Foundation received \$43,442 and \$85,463, respectively, from the First Generation Matching Grant Program for Community Colleges.

During the year ended June 30, 2016, these matching funds are being received by and held by Hillsborough Community College and are no longer passed on to the Foundation.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE G - SPECIAL EVENTS

The Foundation had the following special events during the fiscal year ended June 30,:

2016	Revenue	Expense	Net
Golf tournament	\$ 80,480	\$ 19,056	\$ 61,424
Presidential showcase	140,970	60,503	80,467
Fishing tournament	66,260	31,073	35,187
Total	\$ 287,710	\$ 110,632	\$ 177,078
2015	Revenue	Expense	Net
Golf tournament	\$ 40,400	\$ 6,965	\$ 33,435
Presidential showcase	140,170	43,710	96,460
Fishing tournament	75,150	31,199	43,951
Total	\$ 255,720	\$ 81,874	\$ 173,846

NOTE H - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS

Cash balances are maintained in financial institutions and occasionally deposits exceed amounts insured by the Federal Deposit Insurance Corporation and are potentially subject the Foundation to credit losses.

NOTE I - NET ASSETS

Unrestricted Net Assets

Unrestricted net assets show a surplus of \$440,763 and a deficit of \$404,010 as of June 30, 2016 and 2015, respectively. These amounts include the cumulative net deficit of the Hawks Landing Project (note D), which totals \$501,548 and \$1,227,854 as of June 30, 2016 and 2015, respectively.

Temporarily Restricted Net Assets

Net assets are temporarily restricted for the following uses as of June 30,:

	2016	2015
Scholarships	\$ 2,224,065	\$ 2,727,447
College support activities	2,731,156	1,796,129
	\$ 4,955,221	\$ 4,523,576

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE I - NET ASSETS - Continued

Permanently Restricted Net Assets

Permanently restricted net assets in the Endowment Funds at June 30, 2016 and 2015 are investments in perpetuity, the income from which is expendable to support scholarships and program enhancement. The board voted to limit the minimum endowment to \$10,000. Funds are considered temporarily restricted until they reach \$10,000.

	<u>2016</u>	<u>2015</u>
Endowed scholarships	\$ 3,104,965	\$ 2,682,797
Endowed college support activities	<u>103,710</u>	<u>102,584</u>
	<u>\$ 3,208,675</u>	<u>\$ 2,785,381</u>

NOTE J - BOND ISSUANCE COSTS

Bond issuance costs are being amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bond issuance cost consist of the following at June 30,:

	<u>2016</u>	<u>2015</u>
Bond underwriter's discount and issuance cost	\$ 311,288	\$ 311,288
Accumulated amortization	<u>(105,799)</u>	<u>(93,347)</u>
	<u>\$ 205,489</u>	<u>\$ 217,941</u>

For each of the years ended June 30, 2016 and 2015, amortization of bond issuance costs totaled approximately \$12,000.

NOTE K - STUDENT HOUSING REVENUE BONDS

The Foundation issued Student Housing Revenue Bonds, Series 2006 (the Bonds) in the amount of \$18,600,000 on December 6, 2006. Interest on the Bonds is payable at a variable rate equal to the municipal swap index rate, which was 0.41% and 0.06% at June 30, 2016 and 2015, respectively. In conjunction with the issuance of the Bonds, the Foundation entered into an interest rate swap agreement (note M) to effectively fix the interest rate on the Bonds at 3.59%. The Bonds mature on December 1, 2033. The proceeds raised from the issuance of the Bonds were used to construct a 420-bed student housing facility. This facility along with the revenue generated from the project serves as collateral for the Bonds.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - STUDENT HOUSING REVENUE BONDS - Continued

The future schedule maturities of the Bonds are as follows:

<u>Year ending June 30,</u>	
2017	\$ 575,000
2018	610,000
2019	640,000
2020	675,000
2021	710,000
2022-2026	4,140,000
2027-2031	5,345,000
Thereafter	<u>2,545,000</u>
	<u>\$ 15,240,000</u>

In conjunction with the original issuance of the Bonds, the Foundation also entered into an \$18.6 million letter of credit with Bank of America that serves as security for the Bonds. The current letter of credit with BMO Harris Bank expires in October 2018. There was no outstanding balance on the letter of credit in accordance with the covenants that the Foundation must maintain with respect to debt services coverage. As of June 30, 2016, management believes the Foundation is in compliance with all covenants.

The Foundation pays an annual letter of credit fee based on a percentage of the outstanding balance on the Bonds. That percentage was .88% as of June 30, 2016. During the continuance of the event of default, the applicable percentage is the relevant obligation rate plus 4.00%.

The Foundation has entered into an agreement that provides for the remarketing, to the extent possible, of the Bonds in the event of redemption by the bondholders. In the event remarketing is unsuccessful the letter of credit will be drawn upon to pay the trustee. Draws on the letter of credit mature in six equal semi-annual payments beginning one year after the date of draw, or in full on the expiration date of the letter of credit, if earlier.

Upon certain circumstances, the interest rate may be converted to a fixed rate. As long as the bonds carry a variable interest rate, they can be redeemed at the option of the bondholders.

NOTE L - ENDOWMENT

The Foundation has a donor restricted endowment fund established to provide income to support its various program services. Net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's Board of Directors has interpreted relevant state law, which is Chapter 617.2104, Florida Statutes, the Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - ENDOWMENT - Continued

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gift to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation classifies as temporarily restricted net assets all investment income, inclusive of interest, dividends, and realized and realized and unrealized gains and losses, earned on the invested assets within the endowment fund, and the investment income earned has been restricted as to its use by donors. These amounts are released from restriction once they are appropriated for expenditure by the Foundation in a manner consisted with the standard of prudence prescribed by Florida UPMIFA.

In accordance with Florida UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor endowment funds:

- 1) The purposes of the Foundation
- 2) The intent of the donors of the endowment fund
- 3) The terms of the applicable instrument
- 4) The long-term and short-term needs of the Foundation carrying out its purposes
- 5) The general economic conditions
- 6) The possible effect of inflation or deflation
- 7) The other revenue sources of the Foundation
- 8) Perpetuation of the endowment

The remaining portion of the donor-restricted endowment fund that is not classified in permanently or temporarily restricted net assets in classified as unrestricted net assets. The Foundation considers any donor contributions and related earnings to the endowment fund made without any stipulations or restrictions as to the preservation of the original corpus to be appropriated and available for the current year operations.

The endowment pool spending policy allows the withdrawal of up to 5% annually of the average of the previous 12 quarters' market value.

Endowment net asset composition by type is as follows for the year ended June 30, 2016:

June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted - endowment funds	\$ -	\$ 1,796,864	\$ 3,208,675	\$ 5,005,539
Board designated - endowment funds	<u>33,630</u>	-	-	<u>33,630</u>
Total Funds	<u>\$ 33,630</u>	<u>\$ 1,796,864</u>	<u>\$ 3,208,675</u>	<u>\$ 5,039,169</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - ENDOWMENT - Continued

Endowment net asset composition by type is as follows for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted - endowment funds	\$ -	\$ 2,011,586	\$ 2,785,381	\$ 4,796,967
Board designated - endowment funds	<u>33,630</u>	<u>-</u>	<u>-</u>	<u>33,630</u>
Total Funds	<u>\$ 33,630</u>	<u>\$ 2,011,586</u>	<u>\$ 2,785,381</u>	<u>\$ 4,830,597</u>

The endowment net assets and activity for 2016 and 2015 consisted of the following:

	Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund balance as of June 30, 2014	\$ 33,630	\$ 2,210,901	\$ 2,542,074	\$ 4,786,605
Contributions	-	26,197	243,307	269,504
Realized and unrealized Gain and losses	-	(126,680)	-	(126,680)
Investment income, other net of expenses	-	168,045	-	168,045
Appropriations	<u>-</u>	<u>(266,877)</u>	<u>-</u>	<u>(266,877)</u>
Endowment fund balance as of June 30, 2015	\$ 33,630	\$ 2,011,586	\$ 2,785,381	\$ 4,830,597
Contributions	-	50,000	423,294	473,294
Realized and unrealized Gain and losses	-	(274,745)	-	(274,745)
Investment income, other net of expenses	-	156,418	-	156,418
Appropriations	<u>-</u>	<u>(146,395)</u>	<u>-</u>	<u>(146,395)</u>
Endowment fund balance as of June 30, 2016	<u>\$ 33,630</u>	<u>\$ 1,796,864</u>	<u>\$ 3,208,675</u>	<u>\$ 5,039,169</u>



The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - ENDOWMENT - Continued

*Investment Strategy, Return Objectives and Risk Parameters*

The general investment goals and strategy in relation to the endowment are under the fiduciary responsibility and oversight of the Foundation's Investment Committee (the "Committee"). The Committee manages the assets of the endowment fund so as to provide the highest total return consistent with prudent investment practices, providing for long-term returns sufficient to cover the return requirements of the spending formula. The returns achieved by investment management are to be sufficient to overcome inflationary effects and preserve the purchasing power of the corpus. Safety and preservation of capital are critical considerations. The investment objectives require a disciplined and consistent management philosophy that accommodates investment opportunities that are reasonable and profitable or speculative styles are not consistent with this philosophy.

*Spending Policy and How Investment Objectives Relate to Spending*

The board of directors approved appropriations of 5% during 2016 and 2015 of the endowment fund based on the spending policy in place. The percentage is determined based on the overall needs of the Foundation balanced with the long-term investment return objectives for a fund to be held in perpetuity.

NOTE M - DERIVATIVE LIABILITY

On December 6, 2006, in conjunction with the issuance of the Bonds (note K), the Foundation entered into an interest rate swap agreement for the purpose of converting the Bonds from an adjustable interest rate to a 3.59% fixed interest rate. The maturity date of the swap agreement is December 1, 2016. After the maturity date, the Bonds will return to a variable interest rate. The Foundation records the interest rate swap agreement at fair value.

The fair value of the swap agreement is the estimated amount the Foundation would pay to terminate the agreement at the reporting date. This fair value is estimated based on projected discounted cash flows, taking current interest rates and the current creditworthiness of the counterparties into consideration. The fair value of the Foundation's liability under the swap agreement was \$201,511 and \$725,431 at June 30, 2016 and 2015, respectively, and is included as a liability in the accompanying statements of financial position. The unrealized gain in the fair value of the swap agreement was approximately \$524,000 and \$470,000 for the years ended June 30, 2016 and 2015, respectively, and is included as revenues and support in the accompanying statements of activities.

NOTE N - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Foundation expects such amounts, if any, to be immaterial.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE O - CONCENTRATIONS

For the years ended June 30, 2016 and 2015, three and two donors made up approximately 51% and 34% of total contributions, respectively.

NOTE P - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2016 as of July 27, 2016, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

The Hillsborough Community College Foundation, Inc.

CREDIT RISK DISCLOSURE

June 30, 2016

Investment Type	Fair Value June 30, 2016	Fair Value June 30, 2015	Credit Risk	Maturity
U.S. Government Obligations	<u>\$ 3,050,992</u>	<u>\$ 2,748,040</u>	S & P AAAm	Weighted average of the fund portfolio: 45 days
Total cash equivalents	<u>\$ 3,050,992</u>	<u>\$ 2,748,040</u>		
<b>Additional information</b>	<b>Fair Value</b> <b>June 30, 2016</b>	<b>Fair Value</b> <b>June 30, 2015</b>		
Open end mutual funds	<u>\$ 7,692,656</u>	<u>\$ 7,471,521</u>		
Total investments	<u>\$ 7,692,656</u>	<u>\$ 7,471,521</u>		
Investment expense	<u>\$ 43,423</u>	<u>\$ 42,558</u>		

The Hillsborough Community College Foundation, Inc.

STATEMENT OF FINANCIAL POSITION SEGREGATING FOUNDATION  
ACTIVITIES AND LEASING ACTIVITIES

June 30, 2016  
(See independent auditors' report)

	<u>Foundation</u>	<u>Hawks Landing</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 941,822	\$ 256,393	\$ 1,198,215
Accounts receivable	91,272	-	91,272
Tenant rent Receivable	-	6,623	6,623
Unconditional promises to give, net	424,250	-	424,250
Prepaid expenses	2,093	16,628	18,721
Total current assets	<u>1,459,437</u>	<u>279,644</u>	<u>1,739,081</u>
Cash restricted for long-term purposes	-	3,050,992	3,050,992
Hawks Landing project, net of depreciation	-	11,567,554	11,567,554
Investments	7,692,656	-	7,692,656
Bond issuance costs, net	-	205,489	205,489
	<u>7,692,656</u>	<u>14,824,035</u>	<u>22,516,691</u>
TOTAL ASSETS	<u>\$ 9,152,093</u>	<u>\$ 15,103,679</u>	<u>\$ 24,255,772</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 44,506	\$ 85,783	\$ 130,289
Deferred revenue	1,380	31,685	33,065
Student housing revenue bonds interest payable	-	46,248	46,248
Current portion of student housing revenue bonds	-	575,000	575,000
Total current liabilities	<u>45,886</u>	<u>738,716</u>	<u>784,602</u>
LONG-TERM LIABILITIES			
Student revenue bonds, net of current portion	-	14,665,000	14,665,000
Derivative liability	-	201,511	201,511
Total long-term liabilities	<u>-</u>	<u>14,866,511</u>	<u>14,866,511</u>
Total liabilities	<u>45,886</u>	<u>15,605,227</u>	<u>15,651,113</u>
NET ASSETS			
Unrestricted, undesignated	908,681	(501,548)	407,133
Unrestricted, board designated endowment	33,630	-	33,630
Temporarily restricted	4,955,221	-	4,955,221
Permanently restricted	3,208,675	-	3,208,675
Total net assets	<u>9,106,207</u>	<u>(501,548)</u>	<u>8,604,659</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,152,093</u>	<u>\$ 15,103,679</u>	<u>\$ 24,255,772</u>

The Hillsborough Community College Foundation, Inc.

STATEMENT OF ACTIVITIES SEGREGATING FOUNDATION  
ACTIVITIES AND LEASING ACTIVITIES

June 30, 2016  
(See independent auditors' report)

	<u>Foundation</u>	<u>Hawks Landing</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 2,221,301	\$ -	\$ 2,221,301
Contributed services and in-kind	572,148	-	572,148
State matching	43,442	-	43,442
Grants revenue	429,820	-	429,820
Student housing operating revenue	-	3,329,156	3,329,156
Special events	177,078	-	177,078
Other student housing revenue	-	-	-
Net investment income	223,088	-	223,088
Realized gains on investments	385,507	-	385,507
Unrealized loss on investments	(669,472)	-	(669,472)
Unrealized gain on derivative activity	-	523,920	523,920
Total revenue and support	<u>3,382,912</u>	<u>3,853,076</u>	<u>7,235,988</u>
Expenses			
Program expenses	1,767,751	-	1,767,751
Hawks Landing	-	3,126,770	3,126,770
Support services	252,702	-	252,702
Development	389,053	-	389,053
Total expenses	<u>2,409,506</u>	<u>3,126,770</u>	<u>5,536,276</u>
Change in net assets	973,406	726,306	1,699,712
Net assets at beginning of year	<u>8,132,801</u>	<u>(1,227,854)</u>	<u>6,904,947</u>
Net assets at end of year	<u>\$ 9,106,207</u>	<u>\$ (501,548)</u>	<u>\$ 8,604,659</u>

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*

THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.

June 30, 2016



**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Herman V. Lazzara	Stephen G. Douglas
Marc D. Sasser	Michael E. Helton
Sam A. Lazzara	Christopher F. Terrigno
Kevin R. Bass	James K. O'Connor
Jonathan E. Stein	
Cesar J. Rivero, of Counsel	
Richard B. Gordimer, of Counsel	

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

Governance Board  
The Hillsborough Community 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 The Hillsborough Community College Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2016.

**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) to determine 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.

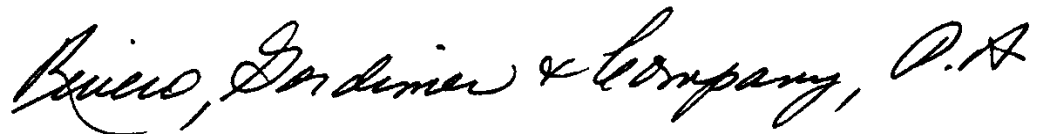


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 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 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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Benicio, Gordinier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida  
July 27, 2016