# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.

## FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2015 AND 2014

**THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.**
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# INDEPENDENT AUDITORS' REPORT

Board of Directors
The Hillsborough Community College Foundation, Inc.
Tampa, Florida

## Report of the Financial Statements

We have audited the accompanying financial statements of The Hillsborough Community College Foundation, Inc. (the Foundation), a nonprofit organization, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits 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.

Board of Directors
The Hillsborough Community College Foundation, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hillsborough Community College Foundation, Inc. as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The credit risk disclosure on page 23 and the statement of financial position and statement of activities segregating foundation activities and leasing activities on pages 24 and 25 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, 2015, on our consideration of The Hillsborough Community College Foundation, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 Hillsborough Community College Foundation, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Tampa, Florida
July 27, 2015

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENTS OF FINANCIAL POSITION
## JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 841,994 | $ 853,357 |
| Accounts Receivable | 142,285 | 112,207 |
| Tenant Rent Receivable | 21,654 | 28,340 |
| Unconditional Promises to Give, Net | 41,370 | 6,026 |
| Prepaid Expenses | 34,224 | 18,433 |
| Total Current Assets | 1,081,527 | 1,018,363 |
| Cash Restricted for Long-Term Purposes | 2,748,040 | 2,481,706 |
| Hawk's Landing Project, Net of Depreciation | 12,188,936 | 12,879,998 |
| Investments | 7,471,521 | 7,256,727 |
| Bond Issuance Costs, Net | 217,941 | 230,393 |
| | 22,626,438 | 22,848,824 |
| Total Assets | $ 23,707,965 | $ 23,867,187 |
| **LIABILITIES AND NET ASSETS** | | |
| **CURRENT LIABILITIES** | | |
| Accounts Payable and Accrued Expenses | $ 206,576 | $ 223,986 |
| Hawks Landing Prepaid Rent | 32,784 | 42,301 |
| Student Housing Revenue Bonds Interest Payable | 48,227 | 49,791 |
| Current Portion of Student Housing Revenue Bonds | 550,000 | 520,000 |
| Total Current Liabilities | 837,587 | 836,078 |
| **LONG-TERM LIABILITIES** | | |
| Derivative Liability | 725,431 | 1,195,174 |
| Student Housing Revenue Bonds, Net of Current Portion (Note 11) | 15,240,000 | 15,790,000 |
| Total Long-Term Liabilities | 15,965,431 | 16,985,174 |
| Total Liabilities | 16,803,018 | 17,821,252 |
| **NET ASSETS** | | |
| Unrestricted, Undesignated | (437,640) | (1,006,703) |
| Unrestricted, Board Designated Endowment | 33,630 | 33,630 |
| Temporarily Restricted | 4,523,576 | 4,476,934 |
| Permanently Restricted | 2,785,381 | 2,542,074 |
| Total Net Assets | 6,904,947 | 6,045,935 |
| Total Liabilities and Net Assets | $ 23,707,965 | $ 23,867,187 |

*See accompanying Notes to Financial Statements.*

## THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENT OF ACTIVITIES
## YEAR ENDED JUNE 30, 2015

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **REVENUES AND SUPPORT** | | | | |
| 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 Revenue | 460,833 | 262,597 | - | 723,430 |
| Student Housing Operating Revenue | 3,166,567 | - | - | 3,166,567 |
| Special Events | - | 255,720 | - | 255,720 |
| Other Student Housing Revenue | 60,099 | - | - | 60,099 |
| Net Investment Income | 75,194 | 168,045 | - | 243,239 |
| Realized Gains on Investments | 33,618 | 61,694 | - | 95,312 |
| Unrealized Loss on Investments | (93,610) | (188,374) | - | (281,984) |
| Unrealized Gain on Derivative Activity | 469,743 | - | - | 469,743 |
| Net Asset Transfers | 61,218 | (148,074) | 86,856 | - |
| Net Assets Released from Restrictions | | | | |
| Due to Satisfaction of Donor Restrictions | 1,064,190 | (1,064,190) | - | - |
| Total Revenues and Support | 5,917,983 | 46,642 | 243,307 | 6,207,932 |
| **EXPENSES** | | | | |
| Program Expenses | 1,552,275 | - | - | 1,552,275 |
| Hawks Landing | 3,101,744 | - | - | 3,101,744 |
| Support Services | 221,502 | - | - | 221,502 |
| Development | 473,399 | - | - | 473,399 |
| Total Expenses | 5,348,920 | - | - | 5,348,920 |
| **CHANGE IN NET ASSETS** | 569,063 | 46,642 | 243,307 | 859,012 |
| Net Assets - Beginning of Year | (973,073) | 4,476,934 | 2,542,074 | 6,045,935 |
| **NET ASSETS - END OF THE YEAR** | $ (404,010) | $ 4,523,576 | $ 2,785,381 | $ 6,904,947 |

*See accompanying Notes to Financial Statements.*

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENT OF ACTIVITIES
## YEAR ENDED JUNE 30, 2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **REVENUES AND SUPPORT** | | | | |
| Contributions | $ 39,666 | $ 417,736 | $ 404,747 | $ 862,149 |
| Contributed Services and In-Kind | 522,272 | - | - | 522,272 |
| State Matching | - | 84,738 | - | 84,738 |
| Grants Revenue | - | 404,690 | - | 404,690 |
| Student Housing Operating Revenue | 2,896,584 | - | - | 2,896,584 |
| Special Events | - | 254,604 | - | 254,604 |
| Other Student Housing Revenue | 50,000 | - | - | 50,000 |
| Net Investment Income | 91,973 | 54,667 | - | 146,640 |
| Realized Gains on Investments | 96,945 | 51,825 | - | 148,770 |
| Unrealized Gains on Investments | 184,080 | 558,830 | - | 742,910 |
| Unrealized Gain on Derivative Activity | 412,081 | - | - | 412,081 |
| Net Assets Released from Restrictions | | | | |
| Due to Satisfaction of Donor Restrictions | 1,409,778 | (1,409,778) | - | - |
| Total Revenues and Support | 5,703,379 | 417,312 | 404,747 | 6,525,438 |
| **EXPENSES** | | | | |
| Program Expenses | 1,447,209 | - | - | 1,447,209 |
| Hawks Landing | 2,945,093 | - | - | 2,945,093 |
| Support Services | 213,981 | - | - | 213,981 |
| Development | 421,539 | - | - | 421,539 |
| Total Expenses | 5,027,822 | - | - | 5,027,822 |
| **CHANGE IN NET ASSETS** | 675,557 | 417,312 | 404,747 | 1,497,616 |
| Net Assets - Beginning of Year | (1,648,630) | 4,059,622 | 2,137,327 | 4,548,319 |
| **NET ASSETS - END OF THE YEAR** | $ (973,073) | $ 4,476,934 | $ 2,542,074 | $ 6,045,935 |

*See accompanying Notes to Financial Statements.*

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## 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 Expense | - | 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/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 |
| Special Events | - | - | - | - | 81,874 | 81,874 |
| Total Expenses | $ 1,552,275 | $ 3,101,744 | $ 4,654,019 | $ 221,502 | $ 473,399 | $ 5,348,920 |

*See accompanying Notes to Financial Statements.*

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## YEAR ENDED JUNE 30, 2014

| | Program Services | Hawks Landing | Total Program Services | Support Services | Development | Total Expenses |
|---|---|---|---|---|---|---|
| Scholarships | $ 799,309 | $ - | $ 799,309 | $ - | $ - | $ 799,309 |
| College Support | 585,455 | - | 585,455 | - | 5,004 | 590,459 |
| Student Housing Operating Expense | - | 1,441,495 | 1,441,495 | - | - | 1,441,495 |
| Depreciation and Amortization | - | 745,539 | 745,539 | - | - | 745,539 |
| Interest Expense | - | 758,059 | 758,059 | - | - | 758,059 |
| Salaries and Benefits | 44,882 | - | 44,882 | 130,504 | 283,988 | 459,374 |
| Travel, Conferences and Training | 765 | - | 765 | 2,294 | 4,845 | 7,904 |
| Postage and Freight | 197 | - | 197 | 572 | 2,129 | 2,898 |
| Printing and Photography | 67 | - | 67 | 641 | 6,221 | 6,929 |
| Insurance | - | - | - | 4,134 | - | 4,134 |
| Other Services | - | - | - | 23,041 | 12,282 | 35,323 |
| Membership Fees | - | - | - | 225 | - | 225 |
| Software Costs | - | - | - | 20,498 | - | 20,498 |
| Professional Fees | - | - | - | 24,500 | - | 24,500 |
| Advertising/Promotions | - | - | - | - | 530 | 530 |
| Supplies | 1,133 | - | 1,133 | 2,317 | 5,183 | 8,633 |
| Hospitality | - | - | - | 2,826 | 4,352 | 7,178 |
| Other Expense | 15,401 | - | 15,401 | 2,429 | 899 | 18,729 |
| Special Events | - | - | - | - | 96,106 | 96,106 |
| Total Expenses | $ 1,447,209 | $ 2,945,093 | $ 4,392,302 | $ 213,981 | $ 421,539 | $ 5,027,822 |

*See accompanying Notes to Financial Statements.*

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## STATEMENTS OF CASH FLOWS
## YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 859,012 | $ 1,497,616 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| Depreciation of Hawks Landing | 737,204 | 733,087 |
| Amortization of Bond Issuance Costs | 12,452 | 12,452 |
| Provision for Bad Debts | 140,684 | 94,573 |
| Investment (Gains) Losses | 186,672 | (891,680) |
| Gain on Derivative Liability | (469,743) | (412,081) |
| Contributions Restricted for Long-Term Purposes | (156,451) | (404,747) |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable and Tenant Rent Receivable | (163,999) | (84,954) |
| Unconditional Promises to Give | (35,421) | 66,194 |
| Prepaid Expenses | (15,791) | 9,442 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | (17,410) | 37,687 |
| Hawks Landing Prepaid Rent | (9,517) | 2,295 |
| Student Housing Revenue Bonds Interest Payable | (1,564) | (4,084) |
| Net Cash Provided by Operating Activities | 1,066,128 | 655,800 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Increase in Cash Restricted for Long-Term Purposes | (41,537) | (234,641) |
| Hawks Landing Project Capital Expenditures | (46,142) | (82,856) |
| Proceeds from Sale of Investments | 1,126,278 | 2,875,291 |
| Purchases of Investments | (1,527,744) | (3,037,774) |
| Net Cash Used by Investing Activities | (489,145) | (479,980) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| (Increase) Decrease in Cash Restricted for Long-Term Purposes | (224,797) | 7,450 |
| Principal Payments on Student Housing Revenue Bonds | (520,000) | (495,000) |
| Proceeds from Contributions Restricted for Permanent Endowments | 156,451 | 404,747 |
| Net Cash Used by Financing Activities | (588,346) | (82,803) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (11,363) | 93,017 |
| Cash and Cash Equivalents - Beginning of Year | 853,357 | 760,340 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 841,994 | $ 853,357 |
| **SUPPLEMENTARY INFORMATION** | | |
| Cash Paid for Interest | $ 728,381 | $ 749,690 |
| Cash Paid for Income Taxes | $ - | $ - |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization and Purpose

The Hillsborough Community College Foundation, Inc. (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 as deemed necessary. In addition, the Foundation provides 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 their 420 bed student housing project called Hawks Landing.

### 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.

### Basis of Presentation

Financial statement presentation follows the requirements for not-for-profit organizations. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed 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** – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

To ensure the observance of donor limitations and restrictions placed on the use of resources, the Foundation maintains its accounts in accordance with the principles of fund accounting. Separate accounts are maintained for each fund; however, in the accompanying financial statements, the funds have been combined.

### 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**Custodial Scholarships**

Prior to April 2014, the Foundation received funds that are designated by the donor for scholarships for specific students identified by the donor. The Foundation accounts for these as agency transactions by recording a liability when the cash is received and reducing the liability when the scholarships are paid. For the years ended June 30, 2015 and 2014, the Foundation processed custodial scholarships totaling $-0- and $486,146, respectively. These amounts are not reflected in the accompanying statements of activities.

**Contributions In-Kind**

The Foundation recognizes 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.

**Cash and Cash Equivalents**

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

**Cash Restricted for Long-Term Purposes**

The Student Housing Revenue Bonds (Note 12) 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 10). 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.

**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 net realized and unrealized gains or losses on investments.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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, 2015 and 2014. Actual write-offs may exceed the allowance.

### 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 at 5% at June 30, 2015 and 2014. 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, 2015 and 2014.

### Fair Value Measurement

The Foundation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Foundation may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Value Measurement (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value. The Foundation may elect to measure newly acquired financial instruments at fair value in the future.

### Fair Value of Financial Instruments

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

### 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, 2015 and 2014, 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 positions and determined they have no uncertain tax positions as of June 30, 2015.

### Hawks Landing Project Fixed Assets 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements over $1,000 are capitalized as projects are constructed.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 amount 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, 2015 and 2014.

### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 27, 2015, the date the financial statements were available to be issued.

## NOTE 2 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, 2015 and 2014, these funds totaled $1,398,290 and $1,798,871, respectively, which is included as program expenses in the accompanying statements of activities. At June 30, 2015 and 2014, the amount payable to the College is $92,311 and $98,056, 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 12), 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, 2015 and 2014, the amounts received from the College were $60,099 and $50,000, 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 $544,004 and $522,272 for the years ended June 30, 2015 and 2014, 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 3 STATE MATCHING PROGRAMS

The Foundation has participated in the following matching programs with the State of Florida:

**Dr. Phillip Benjamin Matching Grant Program for Community Colleges**

This is a single matching gifts program that encompasses the goals originally set out in the Academic Improvement Program, the Scholarship Matching Program, and the Health Care Education Quality Enhancement Challenge Grant. The matching ratio for donations that are specifically designated to support scholarships is $1 of state funds for each $1 of local private funds. Otherwise, funds are allocated to the community colleges on the basis of matching each $6 of local or private funds with $4 of state funds. In 2015 and 2014, the Foundation was eligible for matching grants under this program; however, matching funds have been temporarily suspended for donations received for the program on or after June 30, 2011. The Foundation's reporting to the State indicated that unfunded State matches under this program through June 29, 2011 amounted to approximately $6,400,000. Due to uncertainties regarding future funding of this program, this unfunded State match has not been reflected as revenue and receivables in the accompanying financial statements. The program may be restarted after $200 million of the backlog under the matching program has been matched.

**First Generation Matching Grant Program for Community Colleges**

The office of Student Financial assistance matches private contributions pledged for the purposes 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, 2015 and 2014, the Foundation received $85,463 and $84,738, respectively, from the First Generation Matching Grant Program for Community Colleges.

## NOTE 4 SPECIAL EVENTS

During fiscal year ended June 30, 2015, the Foundation had the following special events:

| | Revenue | Expense | Net |
|---|---|---|---|
| Golf | $ 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 4 SPECIAL EVENTS (CONTINUED)

During fiscal year ended June 30, 2014, the Foundation had the following special events:

| | Revenue | Expense | Net |
|---|---|---|---|
| Golf | $ 65,783 | $ 26,946 | $ 38,837 |
| Presidential Showcase | 134,091 | 36,592 | 97,499 |
| Fishing Tournament | 54,730 | 32,568 | 22,162 |
| Total | $ 254,604 | $ 96,106 | $ 158,498 |

## NOTE 5 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 potentially subject the Foundation to credit losses.

## NOTE 6 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 Hillsborough Community College Foundation, Inc are:

- To provide funding for scholarships, activities, capital assets and other programs of the Foundation;
- To maintain purchasing power;
- To prudently grow the Investment Assets to provide additional funding for the Foundation;
- To maximize long term growth withouth 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 be invested with the reasonable care, skill, diligence and prudence, consistent with the type of organization this Foundation represents.

As of June 30, 2015 and 2014, the Foundation's investments consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Large Cap Growth Mutual Funds | $ 1,225,671 | $ 1,111,024 |
| Large Cap Value Mutual Funds | 1,217,462 | 1,153,654 |
| Small Cap Equity Mutual Funds | 906,871 | 849,846 |
| International Equity Mutual Funds | 1,072,620 | 1,130,027 |
| Fixed Income Mutual Funds | 2,726,714 | 2,822,339 |
| Alternatives | 297,058 | 189,837 |
| Other | 25,125 | - |
| Total | $ 7,471,521 | $ 7,256,727 |

## NOTE 6 INVESTMENTS (CONTINUED)

The Foundation incurred investment expenses of $42,558 and $42,187 for the years ended June 30, 2015 and 2014, respectively. This expense is included in Net Investment Income in the accompanying statements of activities.

## NOTE 7 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

At June 30, 2015, the fair value measurements were as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| 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 |
| Other | - | - | 25,125 | 25,125 |
| Total | $ 7,446,396 | $ 725,431 | $ 25,125 | $ 8,196,952 |

At June 30, 2014, the fair value measurements were as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Large Cap Growth Mutual Funds | $ 1,111,024 | $ - | $ - | $ 1,111,024 |
| Large Cap Value Mutual Funds | 1,153,654 | - | - | 1,153,654 |
| Small Cap Equity Mutual Funds | 849,846 | - | - | 849,846 |
| International Equity Mutual Funds | 1,130,027 | - | - | 1,130,027 |
| Fixed Income Mutual Funds | 2,822,339 | - | - | 2,822,339 |
| Alternatives | 189,837 | - | - | 189,837 |
| Derivative Swap Agreement | - | 1,195,174 | - | 1,195,174 |
| Total | $ 7,256,727 | $ 1,195,174 | $ - | $ 8,451,901 |

## NOTE 8 NET ASSETS

### Unrestricted Net Assets

Unrestricted, undesignated net assets show a deficit of $437,640 and $1,006,703 as of June 30, 2015 and 2014, respectively. This deficit includes the cumulative net deficit of the Hawks Landing Project (Note 10), which totals $1,303,873 and $1,822,519 as of June 30, 2015 and 2014, respectively.

## NOTE 8 NET ASSETS (CONTINUED)

**Temporarily Restricted Net Assets**

Net assets are temporarily restricted for the following uses as of June 30, 2015:

| | 2015 | 2014 |
|---|---|---|
| Scholarships | $ 2,727,447 | $ 2,858,883 |
| College Support Activities | 1,796,129 | 1,618,051 |
| Total | $ 4,523,576 | $ 4,476,934 |

**Permanently Restricted Net Assets**

Permanently restricted net assets in the Endowment Funds at June 30, 2015 and 2014 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.

| | 2015 | 2014 |
|---|---|---|
| Endowed Scholarship | $ 2,682,797 | $ 2,472,074 |
| Endowed College Support | 102,584 | 70,000 |
| Total | $ 2,785,381 | $ 2,542,074 |

## NOTE 9 HAWKS LANDING PROJECT

At June 30, the book value of such assets were as follows:

| | 2015 | 2014 |
|---|---|---|
| Buildings | $ 14,961,482 | $ 14,946,071 |
| Land Improvements | 2,434,784 | 2,434,784 |
| Furniture, Fixtures and Equipment | 862,148 | 844,767 |
| | 18,258,414 | 18,225,622 |
| Less: Accumulated Depreciation | (6,069,478) | (5,345,624) |
| Net Book Value | $ 12,188,936 | $ 12,879,998 |

Depreciation expense for the years ended June 30, 2015 and 2014 was approximately $737,000 and $733,000, 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 1) the later of 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, however, in no event be more than 50 years. Rent is one dollar ($1.00) per year.

## NOTE 10 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 costs consist of the following:

| | 2015 | 2014 |
|---|---|---|
| Bond Underwriter's Discount and Issuance Costs | $ 311,288 | $ 311,288 |
| Accumulated Amortization | (93,347) | (80,895) |
| Total | $ 217,941 | $ 230,393 |

For each of the years ended June 30, 2015 and 2014, amortization of bond issuance costs totaled approximately $12,000.

## NOTE 11 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 0.06% and 0.09% at June 30, 2015 and 2014, respectively. In conjunction with the issuance of the Bonds, the Foundation entered into an interest rate swap agreement (Note 13) 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 future scheduled maturities of the Bonds are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2016 | $ 550,000 |
| 2017 | 575,000 |
| 2018 | 610,000 |
| 2019 | 640,000 |
| 2020 | 675,000 |
| Thereafter | 12,740,000 |
| Total | $ 15,790,000 |

In conjunction with the issuance of the Bonds, the Foundation also entered into an $18.6 million letter of credit agreement that serves as security for the Bonds. The letter of credit expires in October 2018. There was no outstanding balance on the letter of credit at June 30, 2015 and 2014. The letter of credit is subject to certain restrictive financial covenants that the Foundation must maintain with respect to debt service coverage. As of June 30, 2015, management believes the Foundation is in compliance with all covenants.

## NOTE 11 STUDENT HOUSING REVENUE BONDS (CONTINUED)

The Foundation pays an annual letter of credit fee based on a percentage of the outstanding balance on the Bonds. That percentage was 0.88% as of June 30, 2015. During the continuance of any 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 expiraton 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 12 DERIVATIVE LIABILITY

On December 6, 2006 in conjunction with the issuance of the Bonds (Note 12), the Foundation entered into an interest rate swap agreement for the purpose of converting the Bonds from adjustable interest rate debt to a 3.59% fixed interest rate. The maturity date of the swap agreement is December 1, 2016, and after that 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 into consideration current interest rates and the current creditworthiness of the counterparties. The fair value of the Foundation’s liability under the swap agreement at June 30, 2015 and 2014 is $725,431 and $1,195,174, respectively, and is included as a liability in the accompanying statements of financial position. The increase in the fair value of the swap agreement was approximately $470,000 and $412,000 for the years ended June 30, 2015 and 2014, respectively, and is included as revenues and support in the accompanying statements of activities.

## NOTE 13 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. 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 gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation classifies as temporarily restricted net assets all investment income, inclusive of interest, dividends, 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 consistent 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 restricted 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 is 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 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.

## NOTE 13 ENDOWMENT (CONTINUED)

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

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-Restricted Endowment Funds | $ - | $ 2,011,586 | $ 2,785,381 | $ 4,796,967 |
| Board Designated Endowment Funds | 33,630 | - | - | 33,630 |
| Total Funds | $ 33,630 | $ 2,011,586 | $ 2,785,381 | $ 4,830,597 |

Endowment net asset composition by type for the year ended June 30, 2014 is as follows.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-Restricted Endowment Funds | $ - | $ 2,210,901 | $ 2,542,074 | $ 4,752,975 |
| Board Designated Endowment Funds | 33,630 | - | - | 33,630 |
| Total Funds | $ 33,630 | $ 2,210,901 | $ 2,542,074 | $ 4,786,605 |

The endowment net assets and activity for 2015 and 2014 consisted of the following:

| | Net Assets | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Endowment Fund Balance as of June 30, 2013 | $ 33,630 | $ 1,486,556 | $ 2,137,327 | $ 3,657,513 |
| Contributions | - | 169,476 | 404,747 | 574,223 |
| Realized and Unrealized Gains and Losses | - | 606,070 | - | 606,070 |
| Investment Income, Other Net of Expenses | - | 91,787 | - | 91,787 |
| Appropriations | - | (142,988) | - | (142,988) |
| 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 Gains and Losses | - | (126,680) | - | (126,680) |
| Investment Income, Other Net of Expenses | - | 168,045 | - | 168,045 |
| Appropriations | - | (266,877) | - | (266,877) |
| Endowment Fund Balance as of June 30, 2015 | $ 33,630 | $ 2,011,586 | $ 2,785,381 | $ 4,830,597 |

## NOTE 13 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. Extreme positions 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 2015 and 2014 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 14 COMMITMENTS AND CONTINGENCIES

**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.

## NOTE 15 CONCENTRATIONS

For the years ended June 30, 2015 and 2014, two and three donors made up approximately 34% and 47% of total contributions, respectively. In addition, support accounts receivable was comprised of grants receivable of approximately 94% from two donors for the years ended June 30, 2015 and 2014.

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## CREDIT RISK DISCLOSURE
## JUNE 30, 2015

| Investment Type | Fair Value 6/30/15 | Fair Value 6/30/14 | Credit Risk | Maturity |
|---|---|---|---|---|
| U.S. Government Obligations | $ 2,748,040 | $ 2,481,706 | S & P AAAm | Weighted average of the fund portfolio: 45 days |
| Total Cash Equivalents | $ 2,748,040 | $ 2,481,706 | | |

| **Additional Information:** | Fair Value 6/30/15 | Fair Value 6/30/14 |
|---|---|---|
| Open End Mutual Funds | $ 7,471,521 | $ 7,256,727 |
| Total Investments | $ 7,471,521 | $ 7,256,727 |
| Investment Expenses | $ 42,558 | $ 42,187 |

## THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## SUPPLEMENTARY INFORMATION
## STATEMENT OF FINANCIAL POSITION
## SEGREGATING FOUNDATION ACTIVITIES AND LEASING ACTIVITIES
## JUNE 30, 2015
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | Foundation | Hawk's Landing | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and Cash Equivalents | $ 585,426 | $ 256,568 | $ 841,994 |
| Accounts Receivable | 142,285 | - | 142,285 |
| Tenant Rent Receivable | - | 21,654 | 21,654 |
| Unconditional Promises to Give, Net | 41,370 | - | 41,370 |
| Prepaid Expenses | 2,093 | 32,131 | 34,224 |
| Total Current Assets | 771,174 | 310,353 | 1,081,527 |
| Cash Restricted for Long-Term Purposes | - | 2,748,040 | 2,748,040 |
| Hawk's Landing Project, Net of Depreciation | - | 12,188,936 | 12,188,936 |
| Investments | 7,471,521 | - | 7,471,521 |
| Bond Issuance Costs, Net | - | 217,941 | 217,941 |
| | 7,471,521 | 15,154,917 | 22,626,438 |
| Total Assets | $ 8,242,695 | $ 15,465,270 | $ 23,707,965 |
| **LIABILITIES AND NET ASSETS** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts Payable and Accrued Expenses | $ 109,894 | $ 96,682 | $ 206,576 |
| Hawks Landing Prepaid Rent | - | 32,784 | 32,784 |
| Student Housing Revenue Bonds Interest Payable | - | 48,227 | 48,227 |
| Current Portion of Student Housing Revenue Bonds | - | 550,000 | 550,000 |
| Total Current Liabilities | 109,894 | 727,693 | 837,587 |
| **LONG-TERM LIABILITIES** | | | |
| Derivative Liability | - | 725,431 | 725,431 |
| Student Housing Revenue Bonds, Net of Current Portion | - | 15,240,000 | 15,240,000 |
| Total Long-Term Liabilities | - | 15,965,431 | 15,965,431 |
| Total Liabilities | 109,894 | 16,693,124 | 16,803,018 |
| **NET ASSETS** | | | |
| Unrestricted, Undesignated | 790,214 | (1,227,854) | (437,640) |
| Unrestricted, Board Designated Endowment | 33,630 | - | 33,630 |
| Temporarily Restricted | 4,523,576 | - | 4,523,576 |
| Permanently Restricted | 2,785,381 | - | 2,785,381 |
| Total Net Assets | 8,132,801 | (1,227,854) | 6,904,947 |
| Total Liabilities and Net Assets | $ 8,242,695 | $ 15,465,270 | $ 23,707,965 |

# THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.
## SUPPLEMENTARY INFORMATION
## STATEMENT OF ACTIVITIES
## SEGREGATING FOUNDATION ACTIVITIES AND LEASING ACTIVITIES
## YEAR ENDED JUNE 30, 2015
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | Foundation | Hawk's Landing | Total |
|---|---|---|---|
| **REVENUES AND SUPPORT** | | | |
| Contributions | $ 846,339 | $ - | $ 846,339 |
| Contributed Services and In-Kind | 544,004 | - | 544,004 |
| State Matching | 85,463 | - | 85,463 |
| Grants Revenue | 723,430 | - | 723,430 |
| Student Housing Operating Revenue | - | 3,166,567 | 3,166,567 |
| Special Events | 255,720 | - | 255,720 |
| Other Student Housing Revenue | - | 60,099 | 60,099 |
| Net Investment Income | 243,239 | - | 243,239 |
| Realized Gains on Investments | 95,312 | - | 95,312 |
| Unrealized Loss on Investments | (281,984) | - | (281,984) |
| Unrealized Gain on Derivative Activity | - | 469,743 | 469,743 |
| Total Revenues and Support | 2,511,523 | 3,696,409 | 6,207,932 |
| **EXPENSES** | | | |
| Program Expenses | 1,552,275 | - | 1,552,275 |
| Hawks Landing | - | 3,101,744 | 3,101,744 |
| Support Services | 221,502 | - | 221,502 |
| Development | 473,399 | - | 473,399 |
| Total Expenses | 2,247,176 | 3,101,744 | 5,348,920 |
| **CHANGE IN NET ASSETS** | 264,347 | 594,665 | 859,012 |
| Net Assets - Beginning of Year | 7,868,454 | (1,822,519) | 6,045,935 |
| **NET ASSETS - END OF THE YEAR** | $ 8,132,801 | $ (1,227,854) | $ 6,904,947 |

**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
The Hillsborough Community College Foundation, Inc.
Tampa, Florida

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), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, 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, 2015.

**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 preceding paragraph 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.

Board of Directors
The Hillsborough Community College Foundation, Inc.

**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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Tampa, Florida
July 27, 2015