

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

THE HILLSBOROUGH COMMUNITY COLLEGE FOUNDATION, INC.

June 30, 2020 and 2019

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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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The credit risk disclosure on page 30 is presented for purposes of additional analysis and is 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 29, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bruce, Jordan & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.

Tampa, Florida  
July 29, 2020

The Hillsborough Community College Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (notes A8 and H)	\$ 1,051,741	\$ 1,275,222
Accounts receivable	418,966	456,145
Pledges receivable (notes A5, A12 and B)	337,648	459,934
Prepaid expenses and other	39,160	19,076
Total current assets	<u>1,847,515</u>	<u>2,210,377</u>
CASH RESTRICTED FOR LONG-TERM PURPOSES (note A9)	3,217,401	3,053,605
PLEDGES RECEIVABLE, NET (notes A5, A12, and B)	1,066,164	1,224,684
PROPERTY AND EQUIPMENT, NET (note A15 and E)	9,558,965	10,140,412
INVESTMENTS (notes A13, C, and D)	10,773,812	10,398,017
	<u>24,616,342</u>	<u>24,816,718</u>
TOTAL ASSETS	<u>\$ 26,463,857</u>	<u>\$ 27,027,095</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 574,986	\$ 606,848
Deferred revenue	31,850	40,292
Interest payable	21,282	22,710
Current portion of revenue note payable (note J)	847,000	828,000
Other current liabilities (note M)	-	634,650
Total current liabilities	<u>1,475,118</u>	<u>2,132,500</u>
LONG-TERM LIABILITIES		
Revenue note payable, net of current portion and issuance costs (note J)	11,029,636	11,871,837
Total long-term liabilities	<u>11,029,636</u>	<u>11,871,837</u>
Total liabilities	<u>12,504,754</u>	<u>14,004,337</u>
NET ASSETS (note I)		
Without donor restrictions - undesignated	2,115,706	1,570,589
Without donor restrictions - board designated	299,955	335,630
With donor restrictions	11,543,442	11,116,539
Total net assets	<u>13,959,103</u>	<u>13,022,758</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,463,857</u>	<u>\$ 27,027,095</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 58,998	\$ 1,537,374	\$ 1,596,372
Contributed services and in-kind	760,107	-	760,107
Grants	2,148,594	-	2,148,594
Student housing operating revenue	3,259,970	-	3,259,970
Special events, net (note G)	-	154,344	154,344
Net investment income (note C)	104,485	253,316	357,801
Realized (loss) gain on investments (note C)	(35,666)	114,880	79,214
Unrealized (loss) gain on investments (note C)	45,535	(34,252)	11,283
Other income	31	-	31
Total public support and revenue	<u>6,342,054</u>	<u>2,025,662</u>	<u>8,367,716</u>
Net assets released from restrictions	<u>1,598,759</u>	<u>(1,598,759)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>7,940,813</u>	<u>426,903</u>	<u>8,367,716</u>
Expenses			
Program expenses	3,855,509	-	3,855,509
Hawks Landing	2,819,207	-	2,819,207
Support services	288,945	-	288,945
Development	467,710	-	467,710
Total expenses	<u>7,431,371</u>	<u>-</u>	<u>7,431,371</u>
Change in net assets	509,442	426,903	936,345
Net assets at beginning of year	<u>1,906,219</u>	<u>11,116,539</u>	<u>13,022,758</u>
Net assets at end of year	<u>\$ 2,415,661</u>	<u>\$ 11,543,442</u>	<u>\$ 13,959,103</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 55,152	\$ 3,084,421	\$ 3,139,573
Contributed services and in-kind	679,285	79,874	759,159
Grants	1,357,960	-	1,357,960
Student housing operating revenue	3,386,259	-	3,386,259
Special events, net (note G)	-	203,625	203,625
Net investment income (note C)	127,563	272,681	400,244
Realized gain on investments (note C)	208,076	278,105	486,181
Unrealized loss on investments (note C)	(147,814)	(212,886)	(360,700)
Other income (note O)	3,573	-	3,573
Total public support and revenue	<u>5,670,054</u>	<u>3,705,820</u>	<u>9,375,874</u>
Net assets released from restrictions	<u>1,915,916</u>	<u>(1,915,916)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>7,585,970</u>	<u>1,789,904</u>	<u>9,375,874</u>
Expenses			
Program expenses	2,872,085	-	2,872,085
Hawks Landing	2,777,768	-	2,777,768
Support services	273,958	-	273,958
Development	475,184	-	475,184
Total expenses	<u>6,398,995</u>	<u>-</u>	<u>6,398,995</u>
Change in net assets before repayment of donor funds	1,186,975	1,789,904	2,976,879
Return of donor funds (note M)	<u>(634,650)</u>	<u>-</u>	<u>(634,650)</u>
Change in net assets	552,325	1,789,904	2,342,229
Net assets at beginning of year	<u>1,353,894</u>	<u>9,326,635</u>	<u>10,680,529</u>
Net assets at end of year	<u>\$ 1,906,219</u>	<u>\$ 11,116,539</u>	<u>\$ 13,022,758</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>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	<u>\$ 936,345</u>	<u>\$ 2,342,229</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	978,682	921,448
Amortization of debt issuance costs	4,798	5,994
Net realized and unrealized gain from investments	(90,497)	(125,481)
Decrease (increase) in accounts receivable and tenant rent receivable	37,179	(295,969)
Decrease (increase) in unconditional promises to give	280,806	(1,467,207)
(Increase) decrease in prepaid and other current assets	(20,084)	2,372
(Decrease) increase in accounts payable and accrued expenses	(33,290)	236,014
Decrease in deferred revenue	(8,442)	(11,224)
(Decrease) increase in other liabilities	<u>(634,650)</u>	<u>634,650</u>
Total adjustments	<u>514,502</u>	<u>(99,403)</u>
Net cash provided by operating activities	<u>1,450,847</u>	<u>2,242,826</u>
Cash flows from investing activities		
Increase in cash restricted for long-term purposes	(1,239)	(129)
Purchase of leasehold improvements and other equipment	(397,235)	(357,576)
Purchase of investments	<u>(285,298)</u>	<u>(1,182,588)</u>
Net cash used by investing activities	<u>(683,772)</u>	<u>(1,540,293)</u>
Cash flows from financing activities		
Increase in cash restricted for long-term purposes	(162,556)	(224,987)
Principal payments on revenue note	<u>(828,000)</u>	<u>(812,000)</u>
Net cash used by financing activities	<u>(990,556)</u>	<u>(1,036,987)</u>
Net change in cash and cash equivalents	(223,481)	(334,454)
Cash and cash equivalents at beginning of year	<u>1,275,222</u>	<u>1,609,676</u>
Cash and cash equivalents at end of year	<u>\$ 1,051,741</u>	<u>\$ 1,275,222</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 259,950</u>	<u>\$ 284,280</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, 2020

	Program Services	Hawks Landing	Total Program Services	Support Services	Development	Total Expenses
Scholarships	\$ 869,684	\$ -	\$ 869,684	\$ -	\$ -	\$ 869,684
College support	2,962,969	-	2,962,969	-	-	2,962,969
Student housing operating expenses	-	1,413,483	1,413,483	-	-	1,413,483
Management fee	-	163,722	163,722	-	-	163,722
Depreciation	-	978,682	978,682	-	-	978,682
Interest expense	-	263,320	263,320	-	-	263,320
Salaries and benefits	16,106	-	16,106	226,300	397,584	639,990
Travel, conferences, and training	-	-	-	1,323	1,785	3,108
Postage and freight	-	-	-	374	3,028	3,402
Printing and photography	-	-	-	2,416	4,490	6,906
Insurance	-	-	-	4,466	-	4,466
Other services	-	-	-	1,636	25,811	27,447
Software costs	6,750	-	6,750	13,793	27,632	48,175
Professional fees	-	-	-	22,500	-	22,500
Supplies	-	-	-	2,432	-	2,432
Hospitality	-	-	-	3,692	2,410	6,102
Other expense	-	-	-	10,013	4,970	14,983
<b>Total expenses</b>	<b>\$ 3,855,509</b>	<b>\$ 2,819,207</b>	<b>\$ 6,674,716</b>	<b>\$ 288,945</b>	<b>\$ 467,710</b>	<b>\$7,431,371</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, 2019

	Program Services	Hawks Landing	Total Program Services	Support Services	Development	Total Expenses
Scholarships	\$ 732,085	\$ -	\$ 732,085	\$ -	\$ -	\$ 732,085
College support	2,116,098	-	2,116,098	-	-	2,116,098
Student housing operating expenses	-	1,412,337	1,412,337	-	-	1,412,337
Management fee	-	155,109	155,109	-	-	155,109
Depreciation	-	921,448	921,448	-	-	921,448
Interest expense	-	288,874	288,874	-	-	288,874
Salaries and benefits	16,652	-	16,652	214,621	374,096	605,369
Travel, conferences, and training	-	-	-	2,464	4,178	6,642
Postage and freight	-	-	-	561	3,803	4,364
Printing and photography	-	-	-	1,789	9,817	11,606
Insurance	-	-	-	4,463	-	4,463
Other services	-	-	-	1,422	32,397	33,819
Software costs	7,250	-	7,250	6,702	29,351	43,303
Professional fees	-	-	-	21,500	-	21,500
Advertising and promotions	-	-	-	4,061	5,664	9,725
Supplies	-	-	-	8,134	12,974	21,108
Hospitality	-	-	-	8,241	1,204	9,445
Other expense	-	-	-	-	1,700	1,700
<b>Total expenses</b>	<b>\$ 2,872,085</b>	<b>\$ 2,777,768</b>	<b>\$ 5,649,853</b>	<b>\$ 273,958</b>	<b>\$ 475,184</b>	<b>\$6,398,995</b>

The accompanying notes are an integral part of this statement.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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. (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. Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The objective is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers. The Foundation early adopted the ASU effective July 1, 2019 using the retrospective method.

A portion of the Foundation's revenue is generated from annual grant contracts. These grants are all considered to be cost-reimbursement grants, and therefore funds are received subsequent to the Foundation performing all performance obligations that would be required to recognize revenue. The adoption of this standard did not result in significant changes to the Foundation's accounting policies or impact its financial position, changes in net assets or cash flows. As such there was no cumulative effect adjustment upon adoption.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarifying guidance on accounting for the grants and contracts of not-for-profit organizations as they relate to the new revenue standard (ASU 2014-09, *Revenue from Contracts with Customers*). The objective is to minimize diversity in the classification of grants and contracts that exists under current guidance. The Foundation adopted the ASU effective July 1, 2019 using the retrospective method.

The adoption of these standards did not result in significant changes to the Foundation's accounting policies or impact its financial position, changes in net assets or cash flows.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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

3. 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 net assets with donor restrictions net assets without donor restrictions. It is also requiring recognition of contributed services meeting certain criteria at fair value.

The Foundation utilizes net assets with donor restrictions and net assets without donor restrictions 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:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – 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 and donor-imposed stipulations that must be maintained permanently by the Foundation

4. 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.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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

5. 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 any donor-imposed restrictions on the contributions.

6. 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.

7. Functional Allocation of Expenses

Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas and are categorized at the time the expense is recorded. In-kind expenses are attributable to one or more program or supporting functions of the Foundation and are allocated between program, support services, and development accordingly. These in-kind expenses include salaries and benefits, travel, postage, printing, supplies, other services, and software costs. Salaries and benefits are allocated based on the estimated percentage of time spent in each functional area by each staff member. The remaining in-kind expenses are allocated based on the specific purpose of each expenditure.

8. Cash and Cash Equivalents

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

9. Cash Restricted for Long-Term Purposes

The Student Housing Revenue Note Payable (note J) requires 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 E). 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.

10. Investments

Investments in debt and equity securities with readily determinable fair values are carried at quoted market value.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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

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.

11. 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, 2020 and 2019. Actual write-offs may exceed the allowance.

12. Pledges Receivable

The fair value of unconditional promises to give to be received in more than one year is estimated based on future cash flows discounted 3% at June 30, 2020 and 2019. 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 pledges receivable as of June 30, 2020 and 2019.

13. 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.

14. 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. There was no unrelated business income during the fiscal years ended June 30, 2020 and 2019, therefore, no tax was due.

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, 2020.

15. 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 Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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

The costs 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.

16. 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, 2020 and 2019.

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 \$286,000 and \$353,000 with related expenses of approximately \$131,000 and \$149,000 during the years ended June 30, 2020 and 2019, respectively.

18. Reclassifications

Certain reclassifications of the prior year's comparative balances have been made to conform to the current year presentation.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give by donors. Pledges that are expected to be collected after one year have been discounted using a rate of 3% and are reflected in the financial statements at their net present value. Pledges receivable consisted of the following at June 30,:

	<u>2020</u>	<u>2019</u>
Total pledges	\$ 1,481,065	\$ 1,778,850
Less allowance for uncollected pledges	-	-
Less unamortized discount for present value	<u>(77,253)</u>	<u>(94,232)</u>
Pledges receivable, net	<u>\$ 1,403,812</u>	<u>\$ 1,684,618</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - PLEDGES RECEIVABLE - Continued

Pledges receivable expected to be collected after June 30, 2020:

Year ending June 30,

2021	\$ 337,648
2022	293,588
2023	285,366
2024	398,575
2025	<u>165,888</u>
	1,481,065
Less allowance for uncollected pledges and less unamortized discount	<u>(77,253)</u>
	<u>\$ 1,403,812</u>

NOTE C - 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, 2020 and 2019

NOTE C - INVESTMENTS - Continued

Investments include the following as of June 30,:

	<u>2020</u>	<u>2019</u>
Large cap growth mutual funds	\$ 2,461,492	\$ 1,677,559
Large cap value mutual funds	1,697,169	1,602,855
Small cap equity mutual funds	951,444	1,321,193
International equity mutual funds	1,117,476	1,433,490
Fixed income mutual funds	3,753,296	3,629,743
Alternatives	476,165	403,918
Common stock	23,186	-
Beneficial interest in assets held by others	<u>293,584</u>	<u>329,259</u>
Total	<u>\$ 10,773,812</u>	<u>\$ 10,398,017</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 401,687	\$ 440,406
Realized gains	79,214	486,181
Unrealized gains (losses)	11,283	(360,700)
Investment expenses	<u>(43,886)</u>	<u>(40,162)</u>
Total investment income	<u>\$ 448,298</u>	<u>\$ 525,725</u>

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation has adopted the FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" ("ASC 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 ASC 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. ASC 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.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

These strata include:

- 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:

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Large cap growth mutual funds	\$ 2,461,492	\$ 2,461,492	\$ -	\$ -
Large cap value mutual funds	1,697,169	1,697,169	-	-
Small cap equity mutual funds	951,444	951,444	-	-
International equity mutual funds	1,117,476	1,117,476	-	-
Fixed income mutual funds	3,753,296	3,753,296	-	-
Alternatives	476,165	476,165	-	-
Common stock	23,186	23,186	-	-
Beneficial interest in assets held by others	<u>293,584</u>	<u>-</u>	<u>-</u>	<u>293,584</u>
Total	<u>\$ 10,773,812</u>	<u>\$ 10,480,228</u>	<u>\$ -</u>	<u>\$ 293,584</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS – Continued

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Large cap growth mutual funds	\$ 1,677,559	\$ 1,677,559	\$ -	\$ -
Large cap value mutual funds	1,602,855	1,602,855	-	-
Small cap equity mutual funds	1,321,193	1,321,193	-	-
International equity mutual funds	1,433,490	1,433,490	-	-
Fixed income mutual funds	3,629,743	3,629,743	-	-
Alternatives	403,918	403,918	-	-
Beneficial interest in assets held by others	329,259	-	-	329,259
Total	<u>\$ 10,398,017</u>	<u>\$ 10,068,758</u>	<u>\$ -</u>	<u>\$ 329,259</u>

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,:

	<u>2020</u>	<u>2019</u>
Beneficial interest in assets held by others at beginning of year	\$ 329,259	\$ 29,047
Contributions	-	300,000
Investment income	4,558	571
Realized and unrealized gains (losses)	(38,024)	(96)
Investment expenses	(2,209)	(263)
Beneficial interest in assets held by others at end of year	<u>\$ 293,584</u>	<u>\$ 329,259</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - HAWKS LANDING PROJECT

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

	<u>2020</u>	<u>2019</u>
Buildings	\$16,042,026	\$15,827,973
Land improvements	2,514,406	2,505,161
Furniture, fixtures, and equipment	<u>588,900</u>	<u>414,964</u>
	19,145,332	18,748,098
Less accumulated depreciation	<u>(9,586,367)</u>	<u>(8,607,686)</u>
Total	<u>\$ 9,558,965</u>	<u>\$10,140,412</u>

Depreciation expense was approximately \$979,000 and \$921,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE F - RELATED PARTY TRANSACTIONS

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 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. These funds totaled \$3,146,100 and \$1,901,565 for the years ended June 30, 2020 and 2019, respectively, which are included as program expenses in the accompanying statements of activities. The amount payable to the College is \$412,486 and \$472,777 at June 30, 2020 and 2019, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

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 \$694,257 and \$661,285 for the years ended June 30, 2020 and 2019, respectively. The offset of these contributed services, materials, and software is included in program services, support services and development expenses on the accompanying statements of functional expenses.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - SPECIAL EVENTS

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

2020	Revenue	Expense	Net
Golf tournament	\$ 60,801	\$ 10,195	\$ 50,606
Presidential showcase	117,746	71,290	46,456
Fishing tournament	106,965	49,683	57,282
Total	\$ 285,512	\$ 131,168	\$ 154,344
2019	Revenue	Expense	Net
Golf tournament	\$ 78,705	\$ 25,665	\$ 53,040
Presidential showcase	159,193	71,431	87,762
Fishing tournament	114,938	52,115	62,823
Total	\$ 352,836	\$ 149,211	\$ 203,625

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 can potentially subject the Foundation to credit losses.

NOTE I - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions show a surplus of \$2,415,661 and \$1,906,219 as of June 30, 2020 and 2019, respectively. These amounts include the cumulative net surplus of the Hawks Landing Project (note E), which totals \$818,881 and 637,599 as of June 30, 2020 and 2019, respectively.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE I - NET ASSETS - Continued

The Foundation's net assets without donor restrictions consists of the following as of June 30,:

	<u>2020</u>	<u>2019</u>
Undesignated		
Foundation	\$ 1,296,825	\$ 932,990
Hawk's Landing	818,881	637,599
	<u>2,115,706</u>	<u>1,570,589</u>
Board designated:		
Endowment	<u>299,955</u>	<u>335,630</u>
Total board designated	<u>299,955</u>	<u>335,630</u>
 Total net assets without donor restrictions	 <u><u>\$ 2,415,661</u></u>	 <u><u>\$ 1,906,219</u></u>

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following uses as of June 30,:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 2,921,718	\$ 3,108,985
College support activities	2,194,689	1,996,685
Endowed scholarships	4,328,575	3,759,886
Endowed college support activities	359,765	317,015
Time restrictions - pledges receivable	1,403,812	1,684,618
Time restrictions - set period of time	<u>334,883</u>	<u>249,350</u>
	<u><u>\$ 11,543,442</u></u>	<u><u>\$11,116,539</u></u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE I - NET ASSETS - Continued

Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows for the years June 30,:

	<u>2020</u>	<u>2019</u>
Net assets released due to purpose or period restrictions accomplished		
Scholarships	\$ 993,103	\$ 732,085
College support	605,656	528,381
Development	-	19,100
Other	-	1,700
	<u>1,598,759</u>	<u>1,281,266</u>
Net assets released due to the passage of time	<u>-</u>	<u>634,650</u>
Total net assets released from restrictions	<u>\$ 1,598,759</u>	<u>\$ 1,915,916</u>

NOTE J - STUDENT HOUSING REVENUE NOTE PAYABLE

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 was payable at a variable rate equal to the municipal swap index rate, which was 0.41% at June 30, 2016. In conjunction with the issuance of the Bonds, the Foundation entered into an interest rate swap agreement to effectively fix the interest rate on the Bonds at 3.59%.

The Bonds were to 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 served as collateral for the Bonds. In conjunction with the original issuance of the Bonds, the Foundation also entered into a \$18.6 million letter of credit that served as security for the Bonds. This letter of credit expired in December 2016.

The Foundation refinanced the Bonds in the amount of \$14,734,000 on December 15, 2016. Interest on the new revenue note payable is at a fixed rate equal to 2.07%. In conjunction with the issuance of the note payable, the Foundation's interest rate swap agreement was terminated. The note payable matures on December 1, 2032.

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE J - STUDENT HOUSING REVENUE NOTE PAYABLE - Continued

Debt issuance costs of approximately \$76,000 associated with this refinancing are being amortized over the life of the debt using the straight-line method, which approximates the effective interest method. Accumulated amortization approximated \$17,900 and \$13,100 at June 30, 2020 and 2019, respectively. Amortization of debt issuance costs totaled approximately \$5,000 and \$6,000 for the years ended June 30, 2020 and 2019, respectively and is included in interest expense.

The future schedule maturities of the revenue note payable are as follows:

<u>Year ending June 30.</u>	
2021	\$ 847,000
2022	864,000
2023	882,000
2024	899,000
2025	919,000
2026 - 2030	4,888,000
2031 - 2033	<u>2,636,000</u>
Total notes payable	11,935,000
Less unamortized loan costs	<u>(58,364)</u>
	11,876,636
Less current portion	<u>847,000</u>
	<u><u>\$ 11,029,636</u></u>

NOTE K - 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 net assets with donor restrictions (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 Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE K - ENDOWMENT - Continued

The Foundation classifies as net assets with donor restrictions 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 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 as net assets with donor restrictions is classified as net assets without donor restrictions. 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, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted - endowment funds	\$ -	\$ 7,301,570	\$ 7,301,570
Board designated - endowment funds	299,955	-	299,955
Total funds	<u>\$ 299,955</u>	<u>\$ 7,301,570</u>	<u>\$ 7,601,525</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE K - ENDOWMENT - Continued

June 30, 2019	Unrestricted	With Donor Restrictions	Total
Donor restricted - endowment funds	\$ -	\$ 6,883,693	\$ 6,883,693
Board designated - endowment funds	335,630	-	335,630
Total funds	<u>\$ 335,630</u>	<u>\$ 6,883,693</u>	<u>\$ 7,219,323</u>

The endowment net assets and activity for 2020 and 2019 consisted of the following:

	Net Assets		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment fund balance as of June 30, 2018	\$ 33,630	\$ 6,143,462	\$ 6,177,092
Contributions	302,000	629,025	931,025
Realized and unrealized gain	-	65,219	65,219
Investment income, other, net of expenses	-	272,681	272,681
Appropriations	-	(226,694)	(226,694)
Endowment fund balance as of June 30, 2019	335,630	6,883,693	7,219,323
Contributions	-	629,880	629,880
Realized and unrealized (loss) gain	(38,024)	87,328	49,304
Investment income, other, net of expenses	2,349	252,527	254,876
Appropriations	-	(301,858)	(301,858)
Transfers	-	(250,000)	(250,000)
Endowment fund balance as of June 30, 2020	<u>\$ 299,955</u>	<u>\$ 7,301,570</u>	<u>\$ 7,601,525</u>

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 Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE K - ENDOWMENT - Continued

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 2020 and 2019 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 L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the date of the financial statements of financial position for general expenditure as of June 30,:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,051,741	\$ 1,275,222
Accounts receivable	418,966	456,145
Current portion of pledges receivable	337,648	459,934
Investments	<u>10,773,812</u>	<u>10,398,017</u>
 Total financial assets available within one year	 <u>12,582,167</u>	 <u>12,589,318</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	9,804,747	9,182,571
Restricted by time	<u>1,738,695</u>	<u>1,933,968</u>
Total amounts unavailable for general expenditures within one year	<u>11,543,442</u>	<u>11,116,539</u>
 Amounts unavailable to management without Board's approval:		
Board designated for endowment	<u>299,955</u>	<u>335,630</u>
Total amounts unavailable to management without Board's approval	<u>299,955</u>	<u>335,630</u>
 Total financial assets available to management for expenditure within one year	 <u>\$ 738,770</u>	 <u>\$ 1,137,149</u>

The Hillsborough Community College Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Foundation maintains an investment account with a balance of at least \$700,000. This account is invested to preserve capital and maintain purchasing power and includes 20% in money market investments. Additionally, scholarships are awarded based on a spending withdrawal from endowment investments or by donations on hand, meaning funds are already available when scholarships become due each semester. Excess cash not immediately needed is invested in short-term CDs. As employees of the college, Foundation staff salaries, benefits and overhead costs are absorbed by HCC and do not require cash outlay from the Foundation.

NOTE M - 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.

During the year ended June 30, 2016 the Foundation received a contribution of \$1,000,000 to expand and fund new college programs. These funds were not fully spent during the project period due to external factors that prevented fulfillment of all the initiatives included in the initial proposal. Therefore, the remaining balance of \$634,650 was returned to the donor. This amount is included as a liability on the Statement of Financial Position and an expense on the Statement of Changes in Net Assets, as of June 30, 2019.

NOTE N - CONCENTRATIONS

Five donors made up approximately 30% of total contributions for the year ended June 30, 2020 while six donors made up approximately 65% of total contributions for the year ended June 30, 2019.

NOTE O - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2020 as of July 29, 2020, which is the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the United States of America. In March 2020, COVID-19 was declared a pandemic by the World Health Organization. In addition, the United States of America and the State of Florida have declared a state of emergency in response to the pandemic. The Foundation's programs have been impacted due to the closure of schools and social distancing initiatives. It is expected that these impacts may continue for some time and the full financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

The Hillsborough Community College Foundation, Inc.

CREDIT RISK DISCLOSURE

June 30, 2020

Investment Type	Fair Value June 30, 2020	Fair Value June 30, 2019	Credit Risk	Maturity
U.S. government obligations	<u>\$ 3,217,401</u>	<u>\$ 3,053,605</u>	S & P AAAM	Weighted average of the fund portfolio: 45 days
Total cash equivalents	<u>\$ 3,217,401</u>	<u>\$ 3,053,605</u>		
<b>Additional information</b>	<u>Fair Value June 30, 2020</u>	<u>Fair Value June 30, 2019</u>		
Open end mutual funds	\$ 10,480,228	\$ 10,068,758		
Beneficial interest in assets held by others	<u>293,584</u>	<u>329,259</u>		
Total investments	<u>\$ 10,773,812</u>	<u>\$ 10,398,017</u>		
Investment expense	<u>\$ 43,886</u>	<u>\$ 40,162</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, 2020



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 statements of financial position as of June 30, 2020 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 29, 2020.

**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 cursive script that reads "Buiuc, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location information.

Tampa, Florida  
July 29, 2020