




October 24, 2016

MEMORANDUM

TO: District Board of Trustees

FROM: Jim Murdaugh, President 

SUBJECT: TCC Direct Support Organization Audit Reports: Florida Public Safety Institution and TCC Foundation

Item Description

All Direct Support Organizations (DSO) affiliated with Tallahassee Community College must have annual audits.

Overview and Background

These financial audits are provided to the Board for review. The audits are conducted in compliance with Florida Statute 1004.70 Florida College Systems Institution Direct-Support Organizations. The audits of the Public Safety Academy Housing, Inc. and the Tallahassee Community College Foundation, Inc. are for the fiscal years ended March 31, 2016 and 2015.

Past Actions by the Board

The Board last reviewed the audit reports of the Public Safety Academy Housing and the Tallahassee Community College Foundation on February 15, 2016.

Funding/Financial Implications

No funding is required.

Staff Resource

Barbara Wills

Recommended Action

For information only.

PUBLIC SAFETY ACADEMY HOUSING, INC.
Tallahassee, Florida

FINANCIAL STATEMENTS
Years Ended March 31, 2016 and 2015

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KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Public Safety Academy Housing, Inc.
Tallahassee, Florida

We have audited the accompanying financial statements of Public Safety Academy Housing, Inc. (a Florida non-profit organization) which comprise the statements of net position as of March 31, 2016 and 2015 and the related statements of activities and changes in net position and cash flows 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 evaluation of 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 Public Safety Academy Housing, Inc. as of March 31, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2016 on our consideration of Public Safety Academy Housing, Inc.'s internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiring with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Thomson Brock & Company

September 20, 2016

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

The discussion and analysis of Public Safety Academy Housing, Inc.'s financial statements provides an overview of the financial activities for the year ended March 31, 2016. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains activities of the Public Safety Academy Housing Inc. for fiscal years 2016 and 2015.

Public Safety Academy Housing, Inc. was incorporated on February 26, 2003, as a direct support organization of Tallahassee Community College for the purpose of financing and constructing a housing facility at the College's Florida Public Safety Institute. The housing facility was financed by a \$9 million mortgage note and was completed on January 4, 2006. Upon completion, Public Safety Academy Housing, Inc. executed an agreement with the College whereby the College leases the housing facility from Public Safety Academy Housing, Inc. and is responsible for operating and maintaining the facility. During the fiscal year ended March 31, 2015, the Organization refinanced its original mortgage rate and borrowed an additional \$575,000 in a separate mortgage note payable to renovate and refurbish the dormitory. All revenues generated by the facility are retained by the College. In exchange, Public Safety Academy Housing, Inc. receives a monthly lease payment in the amount of \$55,489, through December 31, 2015, then increased to \$57,100 for its mortgage payment and operating expenses.

By design, Public Safety Academy Housing, Inc. was limited in its establishment to obtaining the financing and constructing the housing facility, with all post completion activities to be the responsibility of the College. Accordingly, 2015 financial activities consist of monthly lease receipts, mortgage payments, and the recognition of certain costs (depreciation, amortization, and debt refinancing costs) incurred during prior years but recognized as current year expenses. The nature of Public Safety Academy Housing, Inc.'s future activities can be expected to remain consistent with those of the 2015 fiscal year.

See independent auditors' report.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF NET POSITION
March 31, 2016 and 2015

		<u>ASSETS</u>	
		<u>2016</u>	<u>2015</u>
CURRENT ASSETS			
Cash		\$ <u>7,635</u>	\$ <u>66,149</u>
TOTAL CURRENT ASSETS		7,635	66,149
PROPERTY AND EQUIPMENT, Net			
		<u>6,386,506</u>	<u>6,177,899</u>
		\$ <u>6,394,141</u>	\$ <u>6,244,048</u>
 <u>LIABILITIES AND NET POSITION</u> 			
CURRENT LIABILITIES			
Accounts payable		\$ -	\$ 658
Accrued interest payable		-	14,069
Current portion of mortgage notes payable		<u>476,506</u>	<u>449,664</u>
TOTAL CURRENT LIABILITIES		476,506	464,391
LONG-TERM LIABILITIES			
Mortgage note payable		<u>5,316,052</u>	<u>5,454,309</u>
TOTAL LIABILITIES		5,792,558	5,918,700
NET POSITION			
Invested in capital assets, net of related debt		593,948	273,926
Unrestricted		<u>7,635</u>	<u>51,422</u>
		<u>601,583</u>	<u>325,348</u>
		\$ <u>6,394,141</u>	\$ <u>6,244,048</u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET POSITION
Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE		
Lease income	\$ 670,703	\$ 714,573
OPERATING EXPENSES		
Depreciation	221,613	207,661
Amortization	-	5,513
Contractual services	7,370	7,181
Other expenses	<u>-</u>	<u>367</u>
	<u>228,983</u>	<u>220,722</u>
OPERATING INCOME	441,720	493,851
NONOPERATING EXPENSE		
Interest expense	165,485	283,958
Debt refinancing and issuance costs	<u>-</u>	<u>145,719</u>
	<u>165,485</u>	<u>429,677</u>
CHANGE IN NET POSITION	276,235	64,174
BEGINNING NET POSITION	<u>325,348</u>	<u>261,174</u>
ENDING NET POSITION	<u>\$ 601,583</u>	<u>\$ 325,348</u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Rents and fees collected	\$ 670,703	\$ 714,573
Payments to vendors	(8,028)	(54,164)
Payments for interest expense	(179,554)	(269,889)
NET CASH PROVIDED BY OPERATING ACTIVITIES	483,121	390,520
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long-term debt	(541,635)	(6,407,502)
Issuance of long-term debt	<u> -</u>	<u>6,072,465</u>
NET CASH USED IN FINANCING ACTIVITIES	(541,635)	(335,037)
NET INCREASE IN CASH	(58,514)	55,483
CASH AT BEGINNING OF YEAR	<u>66,149</u>	<u>10,666</u>
CASH AT END OF YEAR	\$ <u><u>7,635</u></u>	\$ <u><u>66,149</u></u>
RECONCILIATION OF CHANGES IN NET POSITION TO CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net position	\$ 276,235	\$ 64,174
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	221,613	213,174
Increase (decrease) in:		
Deferred loan cost, net	-	98,445
(Decrease) increase in:		
Accounts payable	(658)	658
Accrued interest payable	<u>(14,069)</u>	<u>14,069</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>483,121</u></u>	\$ <u><u>390,520</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of property and equipment	\$ 430,220	\$ -
New long-term financing for purchase of equipment	<u>(430,220)</u>	<u> -</u>
Cash paid to acquire equipment	\$ <u><u> -</u></u>	<u><u> -</u></u>

See accompanying notes.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

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

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

A summary of significant accounting policies follows.

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

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

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

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

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax. The Organization’s Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

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

Income Taxes-Continued – The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at March 31, 2016 and 2015.

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

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

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

Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to March 31, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2016. Management has performed their analysis through the date of this report.

NOTE 2 - RELATED PARTY TRANSACTIONS

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

In November 2005, the Organization executed an agreement with the College to operate the housing complex. Terms of the agreement include monthly lease revenue amounting to \$62,409 through October 31, 2014, then decreased to \$55,489 through December 31, 2015, then increased to \$57,100, with automatic annual lease renewals unless thirty day prior notice of cancellation is given by either party. Total lease income earned amounted to \$670,703 and \$714,573 for the years ended March 31, 2016 and 2015, respectively.

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2016 and 2015, is summarized as follows:

	<u>2016</u>	<u>2015</u>
Building	\$ 8,435,824	\$ 8,098,760
Furniture and equipment	<u>586,950</u>	<u>577,950</u>
	9,022,774	8,676,710
Accumulated depreciation	<u>(2,636,268)</u>	<u>(2,498,811)</u>
	<u>\$ 6,386,506</u>	<u>\$ 6,177,899</u>

Depreciation expense for the years ended March 31, 2016 and 2015 amounted to \$221,613 and \$207,661, respectively.

NOTES 4 - MORTGAGE NOTES PAYABLE

Mortgage notes payable as of March 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
\$6,017,876 refinanced mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender; bearing interest at 2.75% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 2.45%; payable in monthly installments of principal and interest in the amount of \$54,739; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility.	\$ 5,307,750	\$ 5,849,385

PUBLIC SAFETY ACADEMY HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 4 - MORTGAGE NOTE PAYABLE (Continued)

\$575,000 mortgage note payable executed November 10, 2014 with Gadsden County, Florida and assigned to a commercial lender. The commercial lender will disburse the funds when requested by the Organization for improvements to the property. The Organization must draw a minimum of \$150,000 of the note by September 1, 2015 and the remaining portion by September 1, 2016. The note bears interest at 3.99% until August 31, 2019, and thereafter a floating rate equal to 70% of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25%; payable interest only until December of 2016 then monthly installments of principal and interest; maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. Note is also collateralized by assignment of rents and leases related to housing facility

	<u>484,808</u>	<u>54,588</u>
	5,792,558	5,903,973
Less current portion	(<u>476,506</u>)	(<u>449,664</u>)
	\$ <u>5,316,052</u>	\$ <u>5,454,309</u>

As of March 31, 2016, the scheduled maturities of the mortgage note payable was as follows:

	<u>Principal</u>	<u>Interest</u>
March 31, 2017	\$ 476,506	\$ 160,098
2018	589,686	140,270
2019	604,006	126,650
2020	621,286	110,057
2021	640,215	91,930
Thereafter	<u>2,951,051</u>	<u>179,016</u>
	\$ <u>5,879,750</u>	\$ <u>808,621</u>

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

Board of Directors
Public Safety Academy Housing, Inc.
Tallahassee, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Public Safety Academy Housing, Inc. (a Florida nonprofit organization), which comprise the statements of net position as of March 31, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated September 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Public Safety Academy Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control. Accordingly we do not express an opinion on the effectiveness of Public Safety Academy Housing, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Thomson Black & Veatch Company

September 20, 2016

**TALLAHASSEE COMMUNITY COLLEGE
FOUNDATION, INC.
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
Years Ended March 31, 2016 and 2015**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Tallahassee Community College Foundation, Inc. (a Florida non-profit organization) which comprise the statements of financial position as of March 31, 2016 and 2015 and the related statements of activities and cash flows 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 evaluation of 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 Tallahassee Community College Foundation, Inc. as of March 31, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2016 on our consideration of Tallahassee 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Tallahassee Community College Foundation, Inc.'s internal control over financial reporting and compliance.

Thomson Brock Impact Company

September 1, 2016

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Cash and cash equivalents	\$ 534,954	\$ 200,965
Non-endowed investments	2,633,111	2,884,045
Accounts receivable	6,750	-
Due from Tallahassee Community College	47,474	114,362
Contributions receivable	752,696	133,269
Beneficial interest in irrevocable trust	19,543	102,163
Prepaid expenses	17,031	10,863
Investments restricted for endowment purposes	9,347,369	9,929,989
Land held for sale, investment, and development	809,000	809,000
Collectibles and other	40,860	29,360
	\$ <u>14,208,788</u>	\$ <u>14,214,016</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 27,154	\$ 39,328
Due to the V Foundation	400,250	-
Deferred revenue	350	-
	427,754	39,328
Net Assets:		
Unrestricted	1,131,212	1,299,605
Temporarily restricted	7,432,468	7,955,608
Permanently restricted	5,217,354	4,919,475
	13,781,034	14,174,688
	\$ <u>14,208,788</u>	\$ <u>14,214,016</u>

See accompanying notes.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS & OTHER SUPPORT								
In-kind contributions	\$ 601,326	\$ -	\$ -	\$ 601,326	\$ 391,614	\$ -	\$ -	\$ 391,614
Non-cash contributions	1,000	42,591	-	43,591	813	275,918	-	276,731
Investment income	(18,317)	(564,025)	-	(582,342)	122,270	47,186	-	169,456
Private contributions	89,596	1,306,044	154,552	1,550,192	41,155	337,090	45,957	424,202
Miscellaneous	18,154	1,500	-	19,654	9,420	2,925	-	12,345
Special events	24,075	-	-	24,075	-	20,415	-	20,415
Net assets released from restrictions:								
Satisfaction of restricted purpose	969,450	(969,450)	-	-	2,505,272	(2,505,272)	-	-
Satisfaction of time restrictions	204,320	(204,320)	-	-	42,987	(42,987)	-	-
Transfers	(7,847)	(135,480)	143,327	-	(8,500)	1,564	6,936	-
	<u>1,881,757</u>	<u>(523,140)</u>	<u>297,879</u>	<u>1,656,496</u>	<u>3,105,031</u>	<u>(1,863,161)</u>	<u>52,893</u>	<u>1,294,763</u>
EXPENSES								
Educational activities	1,113,515	-	-	1,113,515	2,342,999	-	-	2,342,999
General and administrative expenses	442,633	-	-	442,633	454,472	-	-	454,472
Fundraising expenses	494,002	-	-	494,002	181,932	-	-	181,932
	<u>2,050,150</u>	<u>-</u>	<u>-</u>	<u>2,050,150</u>	<u>2,979,403</u>	<u>-</u>	<u>-</u>	<u>2,979,403</u>
CHANGE IN NET ASSETS	(168,393)	(523,140)	297,879	(393,654)	125,628	(1,863,161)	52,893	(1,684,640)
BEGINNING NET ASSETS	<u>1,299,605</u>	<u>7,955,608</u>	<u>4,919,475</u>	<u>14,174,688</u>	<u>1,173,977</u>	<u>9,818,769</u>	<u>4,866,582</u>	<u>15,859,328</u>
ENDING NET ASSETS	<u>\$ 1,131,212</u>	<u>\$ 7,432,468</u>	<u>\$ 5,217,354</u>	<u>\$ 13,781,034</u>	<u>\$ 1,299,605</u>	<u>\$ 7,955,608</u>	<u>\$ 4,919,475</u>	<u>\$ 14,174,688</u>

See accompanying notes.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS (Continued)
Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO		
CASH USED IN OPERATING ACTIVITIES:		
Change in net assets	\$(393,654)	\$(1,684,640)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized loss on investments	831,526	559,571
Realized loss (gain) on sale of investments	171,031	(262,382)
Non-cash contributions	(11,500)	-
(Increase) decrease in:		
Prepaid expenses	(6,168)	6,205
Accounts receivable	(6,750)	-
Due from Tallahassee Community College	66,888	(65,154)
Contributions receivable	(619,427)	99,268
Beneficial interest in irrevocable trust	82,620	(241)
Increase (decrease) in:		
Accounts payable	(12,174)	(86,742)
Due to the V Foundation	400,250	-
Deferred revenue	<u>350</u>	<u>-</u>
 CASH PROVIDED BY (USED IN) OPERATING		
ACTIVITIES	\$ <u>502,992</u>	\$ (<u>1,434,115</u>)
 SUPPLEMENTARY NON-CASH DISCLOSURE:		
Prepaid gift cards	\$ 22,000	\$ 22,000
Gift cards distributed to students	(17,500)	(22,000)
Automobiles	13,591	-
Automobiles gifted to College	(13,591)	-
Artwork	7,000	-
Medical equipment	-	253,918
Medical equipment gifted to College	<u>-</u>	<u>(253,918)</u>
	\$ <u>11,500</u>	\$ <u>-</u>

See accompanying notes.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A summary of the Foundation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Land - Land consists of real property donated to the Foundation, recorded at its fair market value at date of contribution, and adjusted for impaired values.

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

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

Due to its tax-exempt status, the Foundation is not subject to U.S. federal income tax or state income tax. The Foundation's Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three years. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at March 31, 2016 and 2015.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs - The Foundation expenses advertising costs as incurred.

Cash Equivalents - For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments with a maturity of three months or less to be cash equivalents.

Investment Income - Unless stipulated by donor agreement, investment income earned on temporarily restricted assets is recognized as unrestricted investment income.

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

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments - The Foundation carrying amount for its financial instruments, which include cash, investments, receivables, and accounts payable, approximates fair value.

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to March 31, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2016. Management has performed their analysis through the date of this report.

NOTE 2 - RELATED PARTY TRANSACTIONS

Personnel and certain facility costs are provided to the Foundation by the College. For years ended March 31, 2016 and 2015, the Foundation has recorded these donated services at \$468,489 and \$300,651 for personnel services, \$60,583 and \$20,017 for facility costs, and \$72,254 and \$70,946 for other office expenses, respectively.

The Foundation paid a board member's business for advertising services in the amount of \$0 and \$6,920 for the years ended March 31, 2016 and 2015, respectively.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give for the Foundation's Major Gifts Campaign and College Employee Giving Program. The present value of estimated future cash flows has been calculated using a discount rate of 3%, after providing for collection losses. A summary of contributions to be collected follows.

	<u>2016</u>	<u>2015</u>
In one year or less	\$ 246,160	\$ 97,369
Between one year and five years	<u>634,820</u>	<u>58,237</u>
	880,980	155,606
Less:		
Allowance for collection losses	(87,963)	(19,601)
Discounts for time-value of money	<u>(40,321)</u>	<u>(2,736)</u>
	<u>\$ 752,696</u>	<u>\$ 133,269</u>

NOTE 4 - INVESTMENTS

Investments are carried at market or appraised value; realized and unrealized gains and losses are reported in the statements of activities.

The following are the major types of investments held by the Foundation at March 31:

	<u>2016</u>	<u>2015</u>
Investment pool	\$ 9,347,369	\$ 9,929,989
Bond mutual and exchange traded funds	2,547,229	2,778,025
Money market funds	85,879	95,692
State Board of Administration funds	<u>3</u>	<u>10,328</u>
	<u>\$ 11,980,480</u>	<u>\$ 12,814,034</u>

March 31, 2016

Investment pool consists of ninety-nine percent (99%) in marketable equity securities and indices, and one percent (1%) in demand deposits as of March 31, 2016.

State Board of Administration funds consist of one hundred percent (100%) in variable and fixed rate corporate commercial paper and notes as of March 31, 2016.

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 4 – INVESTMENTS (Continued)

March 31, 2015

Investment pool consists of ninety-nine percent (99%) in marketable equity securities and indices, and one percent (1%) in demand deposits as of March 31, 2015.

State Board of Administration funds consist of one hundred percent (100%) in variable and fixed rate corporate commercial paper and notes as of March 31, 2015.

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

	2016	2015
Interest and dividends income	\$ 420,215	\$ 466,645
Net realized (loss) gain on sales of investments	(171,031)	262,382
Net unrealized loss on investments	(831,526)	(559,571)
	\$ (582,342)	\$ 169,456

The various investments in securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

NOTE 5 – FAIR VALUE MEASUREMENTS

The FASB guidance on fair value measurements defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

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

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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

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

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

Financial and nonfinancial assets and liabilities measured at fair value on a recurring and nonrecurring basis are summarized below.

	Fair Value Measurements at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Investments restricted for endowment purposes:				
Money market funds	\$ 47,881	\$ -	\$ -	\$ 47,881
Domestic equity securities	4,607,087	-	-	4,607,087
International equity securities	2,771,417	-	-	2,771,417
Closely-managed investment funds	<u>-</u>	<u>1,920,984</u>	<u>-</u>	<u>1,920,984</u>
Total investments restricted for endowment purposes	7,426,385	1,920,984	-	9,347,369
Non-endowed investments:				
Money market funds	85,879	-	-	85,879
Bond mutual and exchange traded funds	2,547,229	-	-	2,547,229
Commercial paper and notes	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total non-endowed investments	2,633,108	3	-	2,633,111
Nonfinancial assets:				
Land held for sale and investment	<u>-</u>	<u>809,000</u>	<u>-</u>	<u>809,000</u>
Total assets	\$ <u>10,059,493</u>	\$ <u>2,729,987</u>	\$ <u>-</u>	\$ <u>12,789,480</u>

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

	Fair Value Measurements at March 31, 2015			
	Level 1	Level 2	Level 3	Total
Investments restricted for endowment purposes:				
Money market funds	\$ 53,209	\$ -	\$ -	\$ 53,209
Domestic equity securities	5,085,082	-	-	5,085,082
International equity securities	2,914,503	-	-	2,914,503
Closely-managed investment funds	<u>-</u>	<u>1,877,195</u>	<u>-</u>	<u>1,877,195</u>
Total investments restricted for endowment purposes	8,052,794	1,877,195	-	9,929,989
Non-endowed investments:				
Money market funds	95,692	-	-	95,692
Bond mutual funds	2,778,025	-	-	2,778,025
Commercial paper and notes	<u>-</u>	<u>10,328</u>	<u>-</u>	<u>10,328</u>
Total non-endowed investments	2,873,717	10,328	-	2,884,045
Nonfinancial assets:				
Land held for sale and investment	<u>-</u>	<u>809,000</u>	<u>-</u>	<u>809,000</u>
Total assets	\$ <u>10,926,511</u>	\$ <u>2,696,523</u>	\$ <u>-</u>	\$ <u>13,623,034</u>

NOTE 6 – LAND HELD FOR SALE, INVESTMENT, AND DEVELOPMENT

Land held for sale, investment, and development consists of three parcels of real property. As market conditions change, the parcels' appraised values can suffer impairment losses from their determined fair market value recorded at date of donation. Prior year additions consisted of a parcel donated to the Foundation, the disposition of which is restricted to Foundation use until May 1, 2020, after which it may be sold and the proceeds restricted to use in promotion and funding of higher education efforts of children graduating from Wakulla County Schools. A summary of land held for sale, investment, and development is as follows:

	2016	2015
Approximately 48 acres, Dr. MLK Jr. Road, Crawfordville, Florida	\$ 605,000	\$ 605,000
One acre vacant parcel of land, Appleyard Drive	123,000	123,000
Approximately 35 acres, Lake Shore Drive and Sharer Road	934,000	934,000
Impairment loss	<u>(853,000)</u>	<u>(853,000)</u>
	\$ <u>809,000</u>	\$ <u>809,000</u>

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 7 – BOARD DESIGNATED UNRESTRICTED NET ASSETS

On January 26, 2012, the Board unanimously approved the designation of \$500,000 from unrestricted net assets to the HPE Surgical Technology Program and the Ghazvini Fund in the amounts of \$404,500 and \$95,500, respectively, for the purpose of funding and supporting the College’s healthcare initiative program. As of March 31, 2016 and 2015, board designated unrestricted net assets remaining for the HPE Surgical Technology Program and the Ghazvini Fund amounted to \$102,695 and \$230,151, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of March 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Time Restricted:		
Contributions receivable	\$ 689,264	\$ 82,240
Beneficial interest in irrevocable trust	19,543	102,163
Land contribution	686,000	686,000
Restricted contributions for scholarships and academic support	1,693,473	1,822,037
Restricted earnings and state matching for endowment scholarships and academic support	<u>4,344,188</u>	<u>5,263,168</u>
	<u>\$ 7,432,468</u>	<u>\$ 7,955,608</u>

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of March 31, 2016 and 2015 are restricted to investments in perpetuity, the earnings and state matching funds from which are expendable to support academic scholarships and support to the Tallahassee Community College.

	<u>2016</u>	<u>2015</u>
Restricted contributions for endowed scholarships and academic support	<u>\$ 5,217,354</u>	<u>\$ 4,919,475</u>

NOTE 10 – ENDOWMENTS

The Foundation’s endowments consist of seventy-eight donor restricted funds and one board designated, unrestricted fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - Florida has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective on July 1, 2012. The adoption has no impact on the Foundation’s net assets. Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation adhere to the spending policy adopted by the Foundation’s Board of Directors. Management has determined the requirements of Florida’s

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 10 – ENDOWMENTS (Continued)

version of UPMIFA to center around the preservation of the fair value of the original investment as of the date of the transfer; however, the Act does not require preservation of the fair value of the original gift, but rather specifically states that spending may include investment appreciation as well as principal. With regard to donor restricted endowments, the Foundation respects and enforces the donor’s restriction to preserve the historic gift value of the fund.

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

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

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

Endowment net asset composition by type of fund as of March 31, 2016 and 2015 is as follows:

	2016		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ <u>4,344,188</u>	\$ <u>5,217,354</u>	\$ <u>9,561,542</u>
	2015		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ <u>5,263,168</u>	\$ <u>4,919,475</u>	\$ <u>10,182,643</u>

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 10 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended March 31, 2016 and 2015 is as follows:

	2016		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 5,263,168	\$ 4,919,475	\$ 10,182,643
Contributions and transfers	-	297,879	297,879
Investment income	285,212	-	285,212
Net depreciation	(877,647)	-	(877,647)
Amounts appropriated for expenditure	(326,545)	-	(326,545)
	<u>\$ 4,344,188</u>	<u>\$ 5,217,354</u>	<u>\$ 9,561,542</u>
	2015		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 5,558,317	\$ 4,866,582	\$ 10,424,899
Contributions and transfers	-	52,893	52,893
Investment income	333,396	-	333,396
Net depreciation	(286,451)	-	(286,451)
Amounts appropriated for expenditure	(342,094)	-	(342,094)
	<u>\$ 5,263,168</u>	<u>\$ 4,919,475</u>	<u>\$ 10,182,643</u>

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions located in Leon County, Florida. As of March 31, 2016 and 2015, accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation, or insured up to \$500,000 under Florida Statute Chapter 280, Security for Public Deposits, Security Investor Protection Corporation. At March 31, 2016 and 2015, the Foundation's uninsured cash balances amounted to \$0 for each year, respectively.

The Foundation also maintains a concentration of credit risk of excess cash held in short-term investments with the State Board of Administration's Local Government Investment Pool. These funds are invested in uninsured short-term money market funds, commercial paper, repurchase agreements and corporate variable rate notes. As of March 31, 2016 and 2015, the Foundation maintains uninsured balances with the SBA in the amount of \$3 and \$10,328, respectively.

NOTE 12 – COMMITMENTS

As of March 31, 2016 and 2015, the Foundation maintains programmatic grant commitments to the College in the amount of \$186,269 and \$142,636 for promises to give conditional upon the College's satisfaction of compliance with donor/grantor restrictions.

SUPPLEMENTARY INFORMATION

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

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KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Tallahassee Community College Foundation, Inc. ("the Foundation") as of and for the years ended March 31, 2016 and 2015, and have issued our report thereon dated September 1, 2016, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the 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 audits 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.

Thomson Brock Luger & Company

September 1, 2016

TALLAHASSEE COMMUNITY COLLEGE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended March 31, 2016 (With Comparative Totals For 2015)

	2016				2015
	Educational Activities	General and Administrative	Fundraising Activities	Total	Total
Academic and athletic support	\$ 671,687	\$ -	\$ -	\$ 671,687	\$ 1,961,381
Personnel services	96,224	147,188	225,077	468,489	300,651
Scholarships	309,850	-	-	309,850	269,799
Contract services	2,902	64,525	170,959	238,386	119,275
Facility costs	-	60,583	-	60,583	20,017
Fundraising expenses	-	6,547	43,949	50,496	56,878
Bank and investment fees	-	43,984	734	44,718	50,152
Materials and supplies	18,259	6,137	12,807	37,203	32,671
Business meeting expense	2,822	7,405	10,988	21,215	17,650
Travel	8,359	8,378	2,951	19,688	14,026
Licenses	-	18,688	-	18,688	39,269
Printing	206	3,305	12,755	16,266	15,934
Advertising	800	523	13,782	15,105	9,015
Miscellaneous expenses	112	14,712	-	14,824	11,534
Legal and accounting	-	14,310	-	14,310	16,104
Gift fee expense	-	14,228	-	14,228	9,420
Training expense	125	10,738	-	10,863	13,135
Insurance	-	7,437	-	7,437	6,643
Dues and subscriptions	916	5,953	-	6,869	4,772
Honoraria and awards	600	5,640	-	6,240	6,891
Telephone	200	2,352	-	2,552	4,186
Equipment repairs	453	-	-	453	-
	<u>\$ 1,113,515</u>	<u>\$ 442,633</u>	<u>\$ 494,002</u>	<u>\$ 2,050,150</u>	<u>\$ 2,979,403</u>

See independent auditors' report on supplementary information.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tallahassee Community College Foundation, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated September 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Tallahassee Community College Foundation, Inc.'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 Tallahassee Community College Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tallahassee Community College Foundation, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Thomson Block & Company

September 1, 2016