

**COLLEGE OF CENTRAL FLORIDA  
FOUNDATION, INC.**

**A COMPONENT UNIT OF THE  
COLLEGE OF CENTRAL FLORIDA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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**DECEMBER 31, 2013**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
College of Central Florida Foundation, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, which comprise the statement of net position as of December 31, 2013 and the related statements of revenues, expenses and changes in net position and cash flows, and the related notes to the financial statements for the year then ended.

### *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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 auditors' 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 Foundation'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 Foundation'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.

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 inquiries of 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.

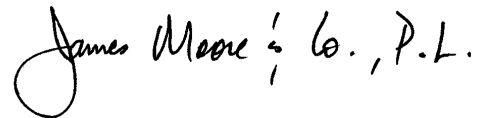
### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The statement of net position by account and statement of revenues, expenses and changes in net position by account, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of net position by account and statement of revenues, expenses and changes in net position by account and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of net position by account and statement of revenues, expenses and changes in net position by account, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 May 28, 2014, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

Gainesville, Florida  
May 28, 2014

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

This section of the College of Central Florida Foundation's annual financial report presents our discussion and analysis of financial performance for the fiscal periods ending on December 31, 2013 and 2012. Please read it in conjunction with the preceding Accountant's Audit Report and financial statements following this section.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position provide information about activities and present a longer-term view of financial position. The Statement of Cash Flows provides information regarding net cash from (used in) various activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These notes are an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of activities and performance.

**FINANCIAL ANALYSIS**

**NET POSITION**

	<b>December 2013</b>	<b>December 2012</b>
	<u>          </u>	<u>          </u>
Current Assets	\$ 2,179,983	\$ 3,920,854
Capital Assets, net	21,204,908	21,365,920
Non-Current Assets	<u>65,975,089</u>	<u>56,290,972</u>
Total Assets	<u>89,359,980</u>	<u>81,577,746</u>
Current Liabilities	867,969	939,481
Noncurrent Liabilities	<u>2,578,089</u>	<u>2,948,776</u>
Total Liabilities	<u>3,446,058</u>	<u>3,888,257</u>
Net Position:		
Net investment in capital assets	19,574,902	19,345,918
Restricted	57,026,739	50,363,430
Unrestricted	<u>9,312,281</u>	<u>7,980,141</u>
Net position at end of year	<u>\$ 85,913,922</u>	<u>\$ 77,689,489</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**  
(Continued)

In comparing 2013 activity to 2012 activity, we note the following:

Total assets increased by a total of \$7.7 million (9.5%). Current assets decreased by \$1.7 million, due to the transfer of PFF LEVY funds from matured CD's to an investment portfolio. Capital assets decreased by \$161,012, attributable to assets being depreciated. Non-current assets, including the Foundation's investment accounts, increased by almost \$9.7 million (17.2%) as a result of contributions added and strong investment earnings on endowments.

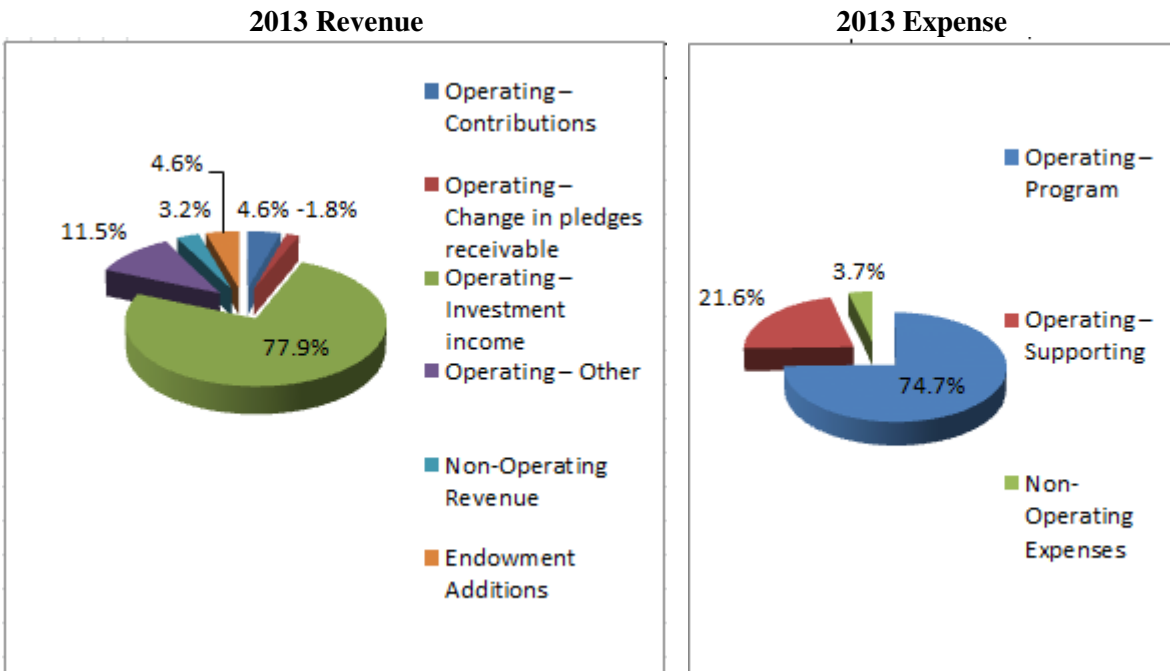
There was a net decrease in total liabilities of \$442,199 (-11.3%) with a slight decrease in current liabilities of \$71,512. Noncurrent liabilities decreased by \$370,687 (-12.5%), attributable to a \$265,000 reduction in bonds payable, and a \$100,000 reduction in noncurrent liability due to the college for College Square support. An 11 year agreement was made to repay the college beginning December 2014. The bond on College Square Apartments was paid in full January 2014.

Total net position increased by \$8,224,433 (10.6%).

**CHANGES IN NET POSITION**

	<u>December 2013</u>	<u>December 2012</u>
Revenue		
Operating – Contributions	\$ 527,499	\$ 619,601
Operating – Change in pledges receivable	(203,619)	4,894
Operating – Investment income	8,960,722	6,666,819
Operating – Other	1,317,373	1,352,460
Non-Operating Revenue	363,239	378,478
Endowment Additions	530,778	558,479
Total revenue	<u>11,495,992</u>	<u>9,580,731</u>
Expenses		
Operating – Program	2,442,714	2,640,643
Operating – Supporting	708,101	632,028
Non-Operating Expenses	120,744	137,728
Total expenses	<u>3,271,559</u>	<u>3,410,399</u>
Change in net position	8,224,433	6,170,332
Net position at beginning of year, as restated	<u>77,689,489</u>	<u>71,519,157</u>
Net position at end of year	<u>\$ 85,913,922</u>	<u>\$ 77,689,489</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**  
(Continued)



**Revenue:**

**Operating – Contributions** consists of private non-endowed contributions.

**Operating – Change in Pledges Receivable** is comprised of pledges added, paid and written off.

**Operating – Investment Income** is comprised of investment earnings, changes in values of life insurance and split interest agreements, and gain/loss on land held for investment purposes.

**Operating – Other** revenue is comprised of rental income and fees from various rental properties owned by the Foundation including College Square student residence and the Enterprise Center along with revenue from special events.

**Non-Operating Revenue** consists of support from College of Central Florida.

**Endowment Additions** are permanently restricted contributions added to the endowment fund.

**Expense:**

**Operating – Program** is comprised of donor relations, institutional and academic program support, scholarships, special events, student housing and Enterprise Center expenses.

**Operating – Supporting** includes general administration expenses.

**Non-Operating Expenses** consists of interest expense.



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**  
(Continued)

Significant differences between 2013 and 2012 revenues and expenses are discussed below:

**REVENUES**

**Operating Revenue** – Overall Operating Revenue increased by 22.6%, or \$1.9 million, with investment income increasing by \$2.2 million due to the favorable market earnings. There were slight decreases in private contributions and special event revenues, as well as the write off of a \$200,000 uncollectible pledge and a \$368,000 loss on the sale of land. The Dinner Theatre, Taste of CF and Taste of Ocala events earned profits comparable to the 2012 events.

**Non-Operating Revenue/(Expense):** There was a slight 2.7% decrease in support received by the college due to personnel cost adjustments.

**Endowment Additions Revenue:** Permanently restricted contributions to the endowment fund experienced a slight decrease of 4.9%.

**EXPENSES**

**Operating – Program** expenses include scholarships, academic program and institutional support as well as distributions for temporarily restricted purposes. A majority of operating program expenses are funded through earnings on endowments. Although the Foundation's fiscal year is January to December, endowment allocations are made in line with the College's academic and fiscal year which is July to June.

During 2013, the Foundation provided \$760,323 in scholarship support and \$398,150 in academic program support. Overall in 2013 program expenses decreased \$197,929 (7.5%), primarily attributable to \$128,000 in program support transferred to the College in 2012 for the Marion/Citrus Hospitals Associates Degree in Nursing. The Foundation Board of Directors approved an endowment spending percentage of 4% for scholarship awards during the 2013-14 academic year. In addition, approximately \$65,000 in expenses for the Travolta "Savages" fundraiser were recorded in 2012, and there was no similar event in 2013.

**Operating – Supporting** expenses are comprised of general and administrative expenses including personnel costs, insurance, utilities and maintenance. In 2013, supporting expenses totaled \$708,101, an increase of \$76,071 (12%) over 2012 expenses with increases in professional fees, personnel costs and insurance premiums.

**Non-Operating Expenses** totaled \$120,744 for 2013 compared to \$137,728 in 2012, a 12% decrease. This amount reflects the amounts paid for interest on the Foundation's long-term debt financing. The final payment was made for the College Square bond on January 2, 2014. Beginning December 2014, repayment to the college for College Square support will begin in accordance with an 11 year agreement approved by the Board during 2013.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**  
(Continued)

**NET POSITION**

As a result of the foregoing activity, net position increased by \$8,224,433 to \$85,913,922, a 10.6% increase. Included in net assets are board designated reserve accounts that have been established as follows:

Scholarship Reserve	\$ 1,024,581
Endowed Chair/Grant Reserve	249,028
Insurance Reserve	32,000
Total Reserves	<u>\$ 1,305,609</u>

**DEBT ADMINISTRATION**

	<u>December 2013</u>	<u>December 2012</u>
Long-term Debt		
Bonds Payable	\$ 1,630,006	\$ 2,020,002
Advances from the College	1,180,343	1,180,343
Total	<u>\$ 2,810,349</u>	<u>\$ 3,200,345</u>

**OTHER**

In 2011, the Foundation's board of directors completed its research into alternative options and strategies for management of the Foundation's investment portfolio. At the end of that very lengthy and comprehensive process, the board approved replacing the current investment advisor with a firm having specific expertise in managing educationally based endowed investments including several educational foundations in Florida. This transition took place in late December 2011 and was fully implemented the first week of January 2012. During 2013, 20.7% was earned on the core endowed funds under the investment policies with the new firm. In late 2013, the board approved a 5% investment in alternatives, implemented January 2014.

In December 2009, the Foundation's Board of Directors adopted a five-year (2010-2015) strategic plan to chart its course and to frame its plans around the needs of the college and the communities it serves. The CF Foundation is well positioned to continue to provide the college with resources to assist it in carrying out its mission, its "Promise for the Future", to provide quality higher educational opportunities to the residents of Citrus, Levy and Marion counties (our tri-county service area). The Foundation looks back with pride and forward with anticipation to the achievements made possible with the efforts and involvement of the Foundation's Board of Directors and the College's District Board of Trustees, our donors, volunteers and community supporters.

**REQUESTS FOR INFORMATION**

This section of the College of Central Florida Foundation's annual financial report is designed to provide a general overview of the Foundation's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Chief Fiscal Officer, CF Foundation, 3001 SW College Rd, The Enterprise Center, 2<sup>nd</sup> Floor, Ocala, FL, 34474-4415 or by calling 352-873-5808.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

<b>Current assets</b>	
Cash and cash equivalents	\$ 2,059,093
Pledges receivable, current portion, net	74,943
Prepaid expenses and other current assets	45,947
Total current assets	2,179,983
<b>Capital assets, net</b>	
Capital assets not being depreciated	17,458,905
Capital assets being depreciated, net	3,746,003
Total capital assets, net	21,204,908
<b>Noncurrent assets</b>	
Cash and cash equivalents - endowment	4,396,426
Investments	60,658,647
Pledges receivable, less current portion	52,000
Cash surrender value of life insurance	34,683
Land and property held for investment	345,851
Charitable remainder trusts	487,482
Total noncurrent assets	65,975,089
<b>Total assets</b>	89,359,980

**LIABILITIES**

<b>Current liabilities</b>	
Accounts payable and accrued expenses	57,425
Scholarships payable	309,773
Interest payable on bonds	9,030
Escrow - housing deposits	55,521
Unearned revenue	41,456
Line of credit payable	13,343
Current portion of advances from College of Central Florida	100,000
Current portion of gift annuity payable	16,421
Current portion of bonds payable	265,000
Total current liabilities	867,969
<b>Long-term liabilities</b>	
Long-term portion of advances from College of Central Florida	1,080,343
Gift annuity payable	132,740
Bonds payable, less current portion	1,365,006
Total long-term liabilities	2,578,089
<b>Total liabilities</b>	3,446,058

**NET POSITION**

<b>Net position</b>	
Net investment in capital assets	19,574,902
Restricted	
Nonexpendable	54,044,566
Expendable	2,982,173
Unrestricted	9,312,281
<b>Total net position</b>	\$ 85,913,922

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Operating revenues</b>	
Private contributions	\$ 527,499
Write-off of pledges receivable	(203,619)
Rental income and fees	1,198,401
Investment income	8,960,722
Special events	118,972
Total operating revenues	<u>10,601,975</u>
<b>Operating expenses</b>	
Program services:	
Donor relations	100,134
Institutional support	246,142
Scholarships	760,323
Academic program support	398,150
Special events	119,766
Student housing	559,413
Enterprise Center	258,786
Total program services	<u>2,442,714</u>
Supporting services:	
General administration	708,101
Total supporting services	<u>708,101</u>
Total operating expenses	<u>3,150,815</u>
<b>Operating income</b>	<u>7,451,160</u>
<b>Nonoperating revenue (expense)</b>	
Interest expense	(120,744)
Support from College of Central Florida	363,239
Total nonoperating revenue	<u>242,495</u>
<b>Change in net position before endowment contributions</b>	<u>7,693,655</u>
<b>Private endowment contributions</b>	530,778
<b>Change in net position</b>	<u>8,224,433</u>
<b>Net position, beginning of year</b>	77,689,489
<b>Net position, end of year</b>	<u><u>\$ 85,913,922</u></u>

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Cash flows from operating activities</b>	
Cash received from donors	\$ 1,061,260
Cash received from rental tenants	1,192,719
Cash paid to College of Central Florida, vendors and suppliers	<u>(2,777,634)</u>
Net cash used in operating activities	<u>(523,655)</u>
<b>Cash flows from capital and related financing activities</b>	
Net change in line of credit payable	2,605
Bond payments	(389,996)
Annuity payments	(15,961)
Interest paid on debt	<u>(128,020)</u>
Net cash used in financing activities	<u>(531,372)</u>
<b>Cash flows from investing activities</b>	
Cash received for interest and dividends	2,539,752
Purchases of investments	(29,116,792)
Proceeds from sale of investments	29,272,493
Proceeds from sale of land held for investment	<u>368,460</u>
Net cash provided by investing activities	<u>3,063,913</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,008,886</u>
<b>Cash and cash equivalents, beginning of year</b>	4,446,633
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 6,455,519</u></u>
<b>Shown on the statement of net position as:</b>	
Cash and cash equivalents	\$ 2,059,093
Cash and cash equivalents - endowment	<u>4,396,426</u>
Total cash and cash equivalents	<u><u>\$ 6,455,519</u></u>
<b>Reconciliation of operating income to net cash used in operating activities</b>	
Operating income	\$ 7,451,160
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	161,012
Net realized and unrealized gain on investments	(6,917,897)
Interest and dividends	(2,539,752)
Loss on sale of land held for investment	368,460
Write-off of pledges receivable	203,619
Support from College of Central Florida	363,239
Private endowment contributions	530,778
Noncash contributions of property	(16,000)
Decrease (increase) in:	
Charitable remainder trusts	(11,299)
Pledges receivable	(78,961)
Prepaid expenses and other current assets	(7,009)
Increase (decrease) in:	
Accounts payable and accrued expenses	(42,274)
Scholarships payable	15,381
Escrow - housing deposits	(5,682)
Unearned revenue - events	(9,729)
Gift annuity payable	11,299
Net cash used in operating activities	<u><u>\$ (523,655)</u></u>

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

(a) **Nature of organization**—College of Central Florida Foundation, Inc. (the Foundation) is a direct support organization as provided for in Section 240.331, Florida Statutes, and is considered a component unit of the College of Central Florida (the College), in Ocala, Florida. The Foundation was formed in 1959 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their collegiate training and to provide the College with funds to carry on any proper activity at the College.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

(c) **Fund accounting**—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. All of the Foundation's financial activity is accounted for in a single enterprise fund which is broken down into the following sub-accounts:

*Operating account*—includes unrestricted and restricted resources, represents the portion of expendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively.

*Endowment account*—records nonexpendable donations received by the Foundation subject to donor-imposed restrictions and unrestricted donations received by the Foundation subject to designation by the Foundation's Board of Directors, requiring that the principal be invested in perpetuity and that only income (including appreciation) can be used for scholarships and endowed chair activities. The endowment principal balance fluctuates as investment income, including realized and unrealized appreciation is allocated to each endowment on a pro rata basis based on its balance as a percentage of the total endowment fund. Beginning in 1992, the Board of Directors approved the unrestricted operating fund to charge up to a 2.5% reinvestment fee against current earnings to recover the costs of administering endowment and general operations. During the 2013 fiscal year, a reinvestment fee of 1.5% was charged on active endowments and 1% was charged on the funds associated with the Federal Endowment Challenge Grant and the operational Appleton Museum Endowments.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

*General plant account*—consists of the net investment in land, buildings and equipment plus resources, if any, restricted by the donor to be used for plant additions, except for the student housing facility. The artwork and collections of the Appleton Museum of Art are also included in the general plant account. Art acquisitions are recorded at cost if purchased or at market value on the date of receipt if donated, based on a bona fide appraisal. Although the artwork and collections have been capitalized, they are considered inexhaustible and therefore not depreciable.

*Student housing account*—includes the student housing facility and related debt to further assist students attending the College. Rental revenues and operating and maintenance expenses are also recorded in the account.

*Enterprise center account*—includes office building and related debt. Rental revenues and operating expenses are also recorded in the account.

(d) **Net position**—The Foundation classifies its net position into the following three categories:

*Net investment in capital assets*—represents the Foundation's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

*Restricted*—The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

**Nonexpendable restricted net position** consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**Expendable restricted net position** includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted*—The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

(e) **Classification of revenues**—The Foundation classifies its revenues as operating or non-operating according to the following criteria:

*Operating revenues*—include the primary activities of contributions from donors, program revenues, investment income, rental activities and special events.

*Non-operating revenues*—include revenues derived from contributions restricted for capital additions or endowments.

(f) **Donor restricted endowments**—Investment income, including unrealized appreciation and depreciation, is allocated to each endowment account on a pro rata basis based on the nonexpendable endowment balance. In accordance with state law, these funds are then available for expenditure when the specific donor criteria are met. The Foundation's accounts for endowments using the total return method, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount is stated in the investment policy.

(g) **Cash and cash equivalents**—Cash and cash equivalents consist of cash, certificates of deposit, money market accounts and highly liquid fixed income investments with original maturities of three months or less. Cash and cash equivalents that are part of the endowment account are classified as noncurrent assets in the statement of net position, as they are not intended to be used for current operating costs.

(h) **Capital assets**—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets, which range from five years for most equipment to forty years for buildings.

(i) **Pledges receivable**—Legally enforceable pledges, less an allowance for uncollectible amounts, are recorded as a receivable and revenue in the year made for current period use. Pledges for endowments are considered voluntary nonexchange transactions and the contribution cannot be recognized until all the eligibility requirements are met, including time restrictions. Therefore, pledges for endowments are not recorded on the financial statements until the funds are received.

(j) **Split interest agreements**—

*Gift annuities*—Assets received under charitable gift annuity agreements are recognized at their fair value at the date of donation, and annuity payment liabilities are recognized at the present value of the future cash flows expected to be paid to the annuitants. Contribution revenue is recognized as the difference between amounts received and payable.



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(1) **Summary of Significant Accounting Policies:** (Continued)

*Charitable remainder trusts*—The Foundation has received an irrevocable interest in several charitable remainder trusts. Under the terms of these agreements, the Foundation receives a beneficiary interest in the trust upon the death of the donor, at which time the value received will be endowed or spent in accordance with the wishes of the donor(s). The Foundation records these trusts at net present value in the accompanying Statement of Net Position as noncurrent assets.

(k) **Investments**—The Foundation follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this provision, contributed marketable securities are recorded at their fair value at the date of donation. Purchased marketable securities are recorded and carried at fair value with increases and decreases being charged and credited to the statement of revenues, expenses, and changes in net assets.

(l) **Accrued compensated absences**—The Foundation accrues accumulated unpaid vacation and sick leave and associated employer-related costs when earned (or estimated to be earned) by the employee. Eligible employees are entitled to annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave. A maximum of 450 hours may be carried over from year to year, of which 330 hours will be paid upon termination. Sick leave balances accrue for employees who are actively employed and who have completed ten years of service. However, payment upon termination is limited to the lesser of 60 days or 1/2 of the employee's sick leave balance for those employees who were hired on or after July 1, 1998, or 1/2 of the employee's sick leave balance for those employees hired prior to July 1, 1998.

(m) **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.

(n) **Income taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. Contributions to the Foundation qualify for the charitable contribution tax deduction.

(o) **Donated property, materials and services**—Donated property used to further the purposes of the Foundation is recorded at estimated fair value at the time of donation. Donated materials and services used to further the purposes of the Foundation are recorded at the amount it deems it would reasonably pay to obtain such materials and services. The Foundation frequently receives donations of property and materials, which it in turn, contributes to the College. These amounts are not recorded in the Foundation's accounting records.

(p) **Pronouncements issued**—The GASB issued other new or modifications to, or interpretations of, existing accounting guidance during 2013. The Foundation has considered the new pronouncements and does not believe that any other new or modified pronouncements will have a material impact on the reported financial position, operations, or cash flows of the Foundation as of and for the year ended December 31, 2013.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(2) **Land and Property Held for Investment or Resale:**

The Foundation has received property from various donors, which were recorded at fair market value at date of gift.

**Land**

Florida:

Lot 7, Block M. College Park Second Addition, Marion County	\$ 16,000
Orange Lake, Marion County - 26.6 acres, The Ray Preserve	169,851

Columbus, Ohio:

Downtown Commercial Area Land Lease	160,000
Total	\$ 345,851

(3) **Rental Income:**

Rental income is received by the Foundation from the following sources:

(a) A 99-year lease on property located in Columbus, Ohio, was donated. Rent of \$2,500 is payable in advance every three months. The lease expires in the year 2022 and is renewable in perpetuity at the option of the lessee.

(b) Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$850 is payable monthly on the 1<sup>st</sup> of each month. The lease is on a month to month basis.

(c) Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$995 is payable on the 1<sup>st</sup> of each month. The lease was renewed on January 1, 2014 for rent of \$995 payable on the 1<sup>st</sup> of each month. The lease expires on December 31, 2014.

(d) College Square, a 48-unit student residence that houses 192 students, charges monthly rent of between \$405 and \$455, depending on the length of lease. The length of a lease varies, depending on the tenants' needs. The Foundation has contracted with Ellison Property Management since July 2002 to manage the property. The property's daily operations are handled through the management office at College Square.

(e) For the period January to June, 2013, the property adjacent to College Square in Ocala, Florida was leased to Hale Academy. Although the lease term extended to July 1, 2015, Hale Academy closed the school and discontinued operations mid June 2013. Francis Marion Military Academy signed a lease on June 17, 2013 to rent the property. Rent of \$2,546 is payable on the 1<sup>st</sup> of each month with 5% increases annually beginning on July 1, 2014. The lease expires on June 30, 2016.

(f) The Enterprise Center, a commercial office building, is leased to various non-profit organizations with purposes consistent to the College's goals of educating and providing employment opportunities to its graduating students. Most leases run ten years, from 2004 to 2014, although they

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(3) **Rental Income:** (Continued)

do contain an early termination clause in the event the tenant's annual government funding is significantly reduced. See below for sources of rental income on the Enterprise Center for the year ended December 31, 2013.

- In December 2012, Citrus Levy Marion Workforce Development Board, Inc. signed an addendum to their lease extending the terms of their lease through June 2014. Due to budget cuts, Citrus Levy Marion Workforce Development Board, Inc. cancelled a portion of their lease affecting the space on the first floor effective October 2013
- In January 2005, the College signed a 10 year lease to rent 3,407 sq. ft. of space on the first floor of the Enterprise Center for corporate training and 3,540 sq. ft of space on the second floor for institutional advancement. Rent is due on the 1<sup>st</sup> of each month at a rate of \$12.50 per sq. ft. with \$.50/per sq. ft. increases annually beginning on January 1, 2006. The lease expires December 31, 2014.
- Effective June 2013, the College, in partnership with CLM Workforce Connection, began occupying 1,574 sq. ft. in the Enterprise Center for a job placement office. In lieu of paying rent, the College funded the Donor Relations Specialist's Salary. This memorandum of understanding is effective through June 2014.
- In December 2012, EDC, an Enterprise Center tenant, merged with the Ocala/Marion County Chamber of Commerce, and subsequently notified the Foundation of its intention to vacate the premises consisting of 3,238 sq. ft. Effective June 30, 2013, the EDC terminated its lease and vacated the premises. Two new tenants were acquired for a portion of the vacated space. The College has agreed to provide funding to the Foundation by covering additional direct payroll support in the amount of \$22,690 through June 2014 to offset the net revenue lost due to termination of the EDC's lease.
- Digital Fury, LLC signed a lease on May 20, 2013 for 562 sq. ft. of the space vacated by EDC. Rent of \$772.75 is due on the 1st of each month with \$.50/per sq. ft. increases annually beginning on June 1, 2014. The lease expires on May 31, 2014.
- The Small Business Development Council signed a lease on June 18, 2013 for 1590 sq. ft. of the space vacated by EDC with rent of \$1,788.66 payable on the 1st of each month with \$.50/per sq. ft. increases annually beginning on June 15, 2014. The lease expires on June 30, 2014.

Rental income to be received over the next five years under non-cancellable operating leases is as follows:

<b>December 31,</b>	<b>Amount</b>
2014	\$ 993,284
2015	42,882
2016	26,842
2017	10,000
2018	10,000

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(4) **Cash, Cash Equivalents, and Investments:**

Investments are recorded at fair value. Securities traded on a national exchange are valued at the last reported sales price. Corporate bonds not traded on a national exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of real estate investments is based on independent appraisals. Other investments not having an established market are recorded at estimated fair value.

The Foundation has established an investment policy for its endowed investments. The majority of its endowed investments are managed by SEI Investments Management Corp. The Foundation has a separate investment policy for the Edith Marie Appleton Endowment and Appleton Museum Family Endowment, which are managed by the Northern Trust Company. The Foundation's investment managers are required to oversee the management of the portfolios pursuant to investment policies adopted by the Board.

In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures ("GASB 40"), the Foundation's investments in securities and investment funds are reported by investment type at fair value in the composition of investments below.

<u>Endowed Investment</u>	<u>Maturities</u>	<u>Credit Ratings</u>	<u>Fair Value</u>
Edith Marie Appleton Endowment			
Govt/Corporate Bonds	7.0	AA	\$ 641,412
TIPS	2.4	AAA	106,159
High Yield Bonds	5.0	Unrated	324,665
Emerging Markets Debt	6.0	Unrated	80,125
Equities	N/A	N/A	2,494,737
Global Real Estate	N/A	N/A	299,196
Commodities	N/A	N/A	220,490
Cash and cash equivalents - endowment	N/A	N/A	50,052
Total			<u>4,216,836</u>
Appleton Museum Family Endowment			
Govt/Corporate Bonds	7.0	AA	2,129,750
TIPS	2.4	AAA	352,493
High Yield Bonds	5.0	Unrated	1,078,020
Emerging Markets Debt	6.0	Unrated	266,051
Equities	N/A	N/A	8,283,600
Global Real Estate	N/A	N/A	993,435
Commodities	N/A	N/A	732,097
Cash and cash equivalents - endowment	N/A	N/A	166,279
Total			<u>14,001,725</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(4) **Cash, Cash Equivalents, and Investments:** (Continued)

Other Endowed Investments			
Investment Grade Fixed Income	2.57	AA	\$ 4,744,740
Non-Investment Grade Fixed Income	3.62	B	2,969,571
Investment Bonds	3.20	BBB	1,608,624
Equities	N/A	N/A	30,002,591
Cash and cash equivalents - endowment	N/A	N/A	<u>4,180,095</u>
Total			43,505,621
Total endowed investments (including cash)			<u><u>\$ 61,724,182</u></u>

Non-endowed assets held for various temporarily restricted and unrestricted purposes are invested separately and managed in accordance with the Board's approval for non-endowed investments:

Other investments			
Investment Grade Fixed Income	2.57	AA	\$ 3,095,418
Non-Investment Grade Fixed Income	3.62	B	133,777
Investment Bonds	3.20	BBB	101,696
Cash and cash equivalents			<u>2,059,093</u>
Total non-endowed investme			<u><u>\$ 5,389,984</u></u>

Both endowed and non-endowed investments are shown in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$ 2,059,093
Cash and cash equivalents - endowment	4,396,426
Investments	<u>60,658,647</u>
Total	<u><u>\$ 67,114,166</u></u>

GASB 40 establishes disclosure requirements related to the following types of investment risks:

*Credit risk*—Credit risk relates to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit for debt securities of the Foundation are displayed in the above schedule. Investment ratings are from Moody's Investor Services, Inc, Standard & Poor's, and Fitch. SEI Investments Management Corp. manages the other endowed investments and seeks "real return" for the portfolio. Fixed income securities managed by SEI Investments Management Corp. may invest in debt securities of any credit quality and with a broad range of maturities.

*Interest rate risk*—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The weighted average maturity for the Appleton Museum Family Endowment and the Edith Appleton Endowment and the duration for the Other Endowed Investments are presented in the above schedule.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(4) **Cash, Cash Equivalents, and Investments:** (Continued)

*Custodial credit risk—*

For deposits, at December 31, 2013, cash and cash equivalents, including cash and cash equivalents held in endowment, were held by depositories and the bank balances amounted to \$2,287,166, of which \$1,641,086 was uninsured and uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Foundation's name.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Appleton Museum Family Endowment and Edith Appleton Endowment**—All investments are held in a counterparty account for the Northern Trust Company, a trust department, as custodian for the above referenced client account.

**Other endowed investments**—All investments managed by SEI Investments Management Corp. were held in counterparty accounts with Regions Financial Corporation, as custodian for the Foundation.

*Concentration of credit risk*—Disclosure of any issuer of investments that in the aggregate is 5% or more of the portfolio is required to be disclosed as a concentration of credit risk. As of December 31, 2013, there were no concentrations of credit risk.

*Foreign currency credit risk*—Investments include exposure to international equity securities. Fluctuating exchange rates will have an impact on the performance of those investments. No investments are completed with the sole intent to profit from changes in foreign currency exchange rates.

(5) **Charitable Gift and Remainder Annuity Trusts:**

As of December 31, 2013, the Foundation holds a remainder interest in several charitable remainder trusts. Under the terms of these trusts, the beneficiaries are to receive annual distributions during the lifetime of the donor(s). Upon the death of the donor(s), the funds remaining will be endowed or spent in accordance with the wishes of the donor(s).

As of December 31, 2013, the Foundation has entered into charitable gift annuity agreements with donors. Under terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 5.2% and 7.3% of the original principal of the trust for the life of the donor(s). The present value of the annuity payment liabilities at December 31, 2013, has been calculated based on the respective payouts and discount rates as determined by the trust documents. This amount is reflected on the balance sheet as a gift annuity liability. Upon the death of the donor(s), any funds remaining will be endowed or spent in accordance with the wishes of the donor(s). See Note 12 for change in the liability for the fiscal year ended December 31, 2013.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(6) **Capital Assets:**

A summary of the Appleton Museum and all other property and equipment of the Foundation is as follows at December 31, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Student housing and rental houses</b>				
Property and equipment not being depreciated:				
Land	\$ 459,640	\$ -	\$ -	\$ 459,640
Capital assets being depreciated:				
Student housing buildings and improvements	2,984,330	-	-	2,984,330
Rental houses	93,303	-	-	93,303
Total capital assets being depreciated	<u>3,077,633</u>	<u>-</u>	<u>-</u>	<u>3,077,633</u>
Less accumulated depreciation:				
Student housing buildings and improvements	(1,457,172)	(81,511)	-	(1,538,683)
Rental houses	(43,749)	(2,432)	-	(46,181)
Total accumulated depreciation	<u>(1,500,921)</u>	<u>(83,943)</u>	<u>-</u>	<u>(1,584,864)</u>
Total capital assets being depreciated, net	<u>1,576,712</u>	<u>(83,943)</u>	<u>-</u>	<u>1,492,769</u>
<b>Student housing and rental houses, net</b>	<u>2,036,352</u>	<u>(83,943)</u>	<u>-</u>	<u>1,952,409</u>
<b>Other capital assets</b>				
Capital assets not being depreciated:				
Appleton collections and artwork	16,975,265	-	-	16,975,265
Other donated collections and artwork	24,000	-	-	24,000
Total capital assets not being depreciated	<u>16,999,265</u>	<u>-</u>	<u>-</u>	<u>16,999,265</u>
Capital assets being depreciated:				
Buildings – Enterprise Center	2,985,432	-	-	2,985,432
Equipment – Enterprise Center	38,539	-	-	38,539
Office equipment	1,250	-	-	1,250
Donated educational equipment	701	-	-	701
Total capital assets being depreciated	<u>3,025,922</u>	<u>-</u>	<u>-</u>	<u>3,025,922</u>
Less accumulated depreciation:				
Buildings – Enterprise Center	(662,780)	(74,635)	-	(737,415)
Equipment – Enterprise Center	(31,903)	(2,307)	-	(34,210)
Office equipment	(936)	(127)	-	(1,063)
Total accumulated depreciation	<u>(695,619)</u>	<u>(77,069)</u>	<u>-</u>	<u>(772,688)</u>
Total capital assets being depreciated, net	<u>2,330,303</u>	<u>(77,069)</u>	<u>-</u>	<u>2,253,234</u>
<b>Other capital assets, net</b>	<u>19,329,568</u>	<u>(77,069)</u>	<u>-</u>	<u>19,252,499</u>
<b>Total capital assets – at cost</b>	<u>23,562,460</u>	<u>-</u>	<u>-</u>	<u>23,562,460</u>
<b>Total accumulated depreciation</b>	<u>(2,196,540)</u>	<u>(161,012)</u>	<u>-</u>	<u>(2,357,552)</u>
<b>Total capital assets, net</b>	<u>\$ 21,365,920</u>	<u>\$ (161,012)</u>	<u>\$ -</u>	<u>\$ 21,204,908</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(6) **Capital Assets:** (Continued)

Total depreciation expense for the year ended December 31, 2013, was \$161,012.

The total value of the artwork and collections at The Appleton Museum of Art exceeds the \$16,975,265 that is recorded in the accounting records of the Foundation. The amounts recorded in the accounting records of the Foundation are based upon a professional appraisal as of the date of donation of the top 117 items of the collection, performed by O'Toole-Ewald Art Associates, valued at \$16,794,800, together with acquisitions made since that time in the amount of \$180,465. The remaining items in the collection that were not appraised have not been included in the capitalized value of the collection due to the lack of an appraised value to assign to those items.

(7) **Net Position:**

Net position consists of the following at December 31, 2013:

**Operating Account**

Unrestricted:

Designated reserve for scholarships	\$ 1,024,581	
Designated reserve for chairs	249,028	
Designated reserve for insurance	32,000	
Undesignated	1,142,008	
Total unrestricted operating account		\$ 2,447,617

Restricted:

Restricted for annual and major gifts campaign	\$ 2,447,358	
Restricted for scholarships	161,929	
Restricted for other uses	372,886	
Total restricted operating account		2,982,173
Total operating account		\$ 5,429,790

**Endowment Account**

Total endowed for scholarships	\$ 17,905,872	
Total endowed for Appleton Museum (operational in 2015)	18,218,562	
Total endowed for charitable remainder trusts	487,483	
Total endowed chairs	11,803,900	
Total Federal Endowment Challenge (operational in 2017)	1,756,212	
Total Promise for the Future Endowment	3,266,640	
Total endowed for other purposes	605,894	
Total nonexpendable		54,044,563
Board designated scholarships	4,639,456	
Board designated chairs	3,492,451	
Total board designated		8,131,907
Total endowment account		\$ 62,176,470



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(7) **Net Position:** (Continued)

<b>General Plant Account</b>	
Invested in capital assets	\$ 17,000,153
Unrestricted	(3,150)
Total general plant account	\$ 16,997,003
<b>Student Housing Account</b>	
Invested in capital assets	\$ 1,792,409
Unrestricted	(1,353,581)
Total student housing account	\$ 438,828
<b>Enterprise Center Account</b>	
Invested in capital assets	\$ 782,340
Unrestricted	89,491
Total enterprise center account	\$ 871,831
<b>Total Net Position</b>	<b>\$ 85,913,922</b>

(8) **Scholarships:**

The Foundation awards scholarships to individuals according to the stipulations placed on the scholarship by the donor or the Foundation. Eligible students are selected by the College Scholarship Committee and certified by the College Director of Financial Aid when the requirements in the Donor Letter of Understanding are satisfied.

Scholarship expense was recognized in the following accounts during the year ended December 31, 2013:

From endowment accounts	\$ 584,238
From restricted accounts	100,685
From unrestricted accounts	75,400
Total	\$ 760,323

(9) **Academic Program Support:**

The Foundation expended a total of \$398,150 for academic program support. In 1994, the Foundation began an endowed chairs program. The endowed chair expenditures represent a majority of academic program support expenses.

From endowment funds	\$ 255,553
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All chairs are funded from endowed investment earnings. Currently, there are five endowed chair categories:

- Category 1 – Teaching and Learning Environment
- Category 2 – State-of-the-Art Learning
- Category 3 – Cultural Environment
- Category 4 – Educational Environment
- Category 5 – New Initiative

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(10) **Support from College of Central Florida:**

All employees of the Foundation are considered employees of the College. All salaries, benefits, retirement benefits through the Florida Retirement System and payroll taxes are paid by the College. The Foundation agreed to reimburse the College for a portion of such payroll expenses for the year ended December 31, 2013 based on a memorandum of understanding. Actual expenses of \$606,855 exceeded the payments of \$238,253 made by the Foundation, of which \$368,602 is included as support from College of Central Florida and personnel expenses in the statement of revenues, expenses and changes in net assets.

(11) **Matching Funds Program:**

Beginning July 1, 2003, the State of Florida combined the Health Care and Scholarship Matching Programs with the Dr. Philip Benjamin Academic Improvement Trust Fund for Community Colleges to form the Dr. Philip Benjamin Matching Program for Community Colleges. The Program provides matching funds on private contributions to the Foundation of a dollar for every dollar donated for scholarships and two dollars for every three dollars donated for other eligible uses. The last year the Dr. Philip Benjamin Matching Program was fully funded by the State of Florida was the 2007-2008 academic year on eligible contributions submitted for match in February 2007. Subsequent requests for state matching funds were submitted in February for years 2008, 2009, 2010 and 2011. In the spring of 2011, the state legislature approved temporarily suspending the matching program effective June 30, 2011. A request for state matching funds for eligible contributions received during the period February 2, 2011 through and including June 29, 2011, was submitted. Currently, the Foundation has submitted for state match eligible contributions totaling \$8,321,796 with a requested state match of \$6,554,880.

(12) **Long-term Liabilities:**

The Foundation's long-term liabilities include advances, bonds payable and gift annuities. The following is a schedule of changes in the Foundation's noncurrent liabilities for the fiscal year ended December 31, 2013:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Long-term advances from the College	\$ 1,180,343	\$ -	\$ -	\$ 1,180,343	\$ 100,000
Student housing bonds	450,000	-	290,000	160,000	160,000
Enterprise Center revenue bonds	1,570,002	-	99,996	1,470,006	105,000
Gift Annuity	154,389	-	5,228	149,161	16,421
Total noncurrent liabilities	<u>\$ 3,354,734</u>	<u>\$ -</u>	<u>\$ 395,224</u>	<u>\$ 2,959,510</u>	<u>\$ 381,421</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
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(12) **Long-term Liabilities:** (Continued)

**Advances from College of Central Florida**—During December 2003, the Foundation agreed to legally obligate itself to the College in the form of an uncollateralized, non-interest bearing advance to assist with unfunded debt service and operating costs associated with College Square, the student housing complex constructed by the Foundation in 1994. The cumulative total of these advances totaled \$1,180,343 of which the Foundation and the College worked out a repayment plan in the current year to begin repayment in 2014, the date that the long-term debt associated with the project is paid in full. During 2013, the Foundation imputed interest on the balance outstanding at the rate of 3.25%, the prime rate at December 31, 2013.

Following is a debt service schedule of these advances for the year ended December 31, 2013:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014	\$ 100,000	\$ -	\$ 100,000
2015	100,000	-	100,000
2016	100,000	-	100,000
2017	100,000	-	100,000
2018	100,000	-	100,000
2019-2023	500,000	-	500,000
2024	180,343	-	180,343
Total Debt Service	<u>\$ 1,180,343</u>	<u>\$ -</u>	<u>\$ 1,180,343</u>

**Student housing revenue bonds**—In 1994, the Foundation issued tax-exempt Industrial Revenue Bonds through the City of Ocala, Florida to construct a student housing facility. Three banks purchased the bonds pursuant to a trust agreement dated January 1, 1994. In 1999, the bonds were refinanced by Bank of America. At the time of refinancing, the property was appraised at \$4.2 million. The commitment is subject to the following terms and conditions:

<b>Amount of Bonds Issued</b>	\$3,500,000
<b>Amount of Bonds Refinanced</b>	\$3,025,000
<b>Interest Rate</b>	4.76%
<b>Repayment Terms</b>	Semiannual principal and interest payments
<b>Security</b>	First mortgage on real property consisting of an apartment complex on four acres and two houses on a thirteen-acre tract; first lien on personal property; assignment of leases, rent and profits
<b>Bondholder</b>	Bank of America

Following is a debt service schedule of the bonds for the year ended December 31, 2013:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014	\$ 160,000	\$ 3,808	\$ 163,808
Thereafter	-	-	-
Total Debt Service	<u>\$ 160,000</u>	<u>\$ 3,808</u>	<u>\$ 163,808</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(12) **Long-term Liabilities:** (Continued)

**Enterprise Center revenue bonds**—In May 2003, the Foundation issued tax-exempt Industrial Development Revenue Bonds, Series 2003 A1 with a 20-year maturity through the Florida Development Finance Corp. to construct a 25,400 sq. ft. office building known as the Enterprise Center for lease on the Ocala campus of College of Central Florida. The bonds were refinanced in 2010 for \$1,800,000.

<b>Amount of Bonds Refinanced</b>	\$1,800,000
<b>Amount of Bonds Issued</b>	\$2,000,000
<b>Interest Rate</b>	4.125% fixed for five years; July 1, 2015 rate may be adjusted in succeeding five-year terms through 2023 to reflect current market interest rates.
<b>Repayment Terms</b>	Monthly payments of principal and interest
<b>Security</b>	First mortgage on real property consisting of a 25,400 sq. ft. office building; first lien on personal property; assignment of rents, contracts and leases.
<b>Bondholder</b>	Community Bank & Trust of Florida

Following is a debt service schedule of the bonds to maturity based on the rate in effect for the year ended December 31, 2013:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 105,000	\$ 58,790	\$ 163,790
2015	115,000	54,247	169,247
2016	130,000	49,277	179,277
2017	145,000	43,590	188,590
2018	155,000	37,426	192,426
2019-2023	820,006	81,124	901,130
Total Debt Service	<u>\$ 1,470,006</u>	<u>\$ 324,454</u>	<u>\$ 1,794,640</u>

(13) **Line of Credit:**

The Foundation has a \$100,000 line of credit with Regions Bank. The outstanding balance at December 31, 2013, is \$13,343. The interest rate is the bank's prime rate (3.25 % at December 31, 2013) and the line expires September 26, 2015.

(14) **Insurance Policies:**

The Foundation is the owner of six life insurance policies that have cash surrender values totaling \$34,683.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(15) **Risk Management:**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation or College carries commercial insurance. Insurance against losses are provided through the Florida Community College Risk Management Consortium and others for the following types of risk:

Workers' Compensation Liability	Property Damage Health
------------------------------------	---------------------------

(16) **Annual Fund and Major Gifts Campaigns:**

The Foundation, at the request of the College, conducts an annual fund campaign to support growth beyond the traditional revenue sources.

Pledges received for temporarily restricted purposes are recorded when made by the donor, less an uncollectible allowance. Pledge receivable activity is summarized as follows:

Pledges receivable, December 31, 2012, gross	\$ 254,653
Additions	163,642
Payments received	(84,681)
Current year write-offs	(200,154)
Pledges receivable, December 31, 2013, gross	133,460
Allowance for uncollectible pledges	(6,517)
Pledges receivable, December 31, 2013, net	\$ 126,943

Shown in the financial statements as:

Current	\$ 74,943
Noncurrent	52,000
Total	\$ 126,943

All contributions and pledges received for the annual fund and capital campaigns are recorded in the restricted operating account since the Foundation is obligated to spend the resources in accordance with the restrictions imposed by the donors.

(17) **Contingent Liabilities:**

The FSU Foundation and CF Foundation agreed to guarantee any shortfall from the \$1,306,740 in legislative funding for the Appleton Museum operations currently provided to the College. The guarantee of each Foundation is based on the relative percentage of each Foundation's total net assets. At the time of the agreement, FSU Foundation and CF Foundation's relative percentages were 93% and 7%, respectively. This guarantee terminates in 2015 at which time neither Foundation will have responsibility for any legislative funding shortfall.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2013**

	Enterprise Fund						Total
	Operating		Endowment	Capital	Student	Enterprise	
	Unrestricted	Restricted					
<u>ASSETS</u>	Account	Account	Account	Account	Account	Account	
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,026,871	\$ 710,011	\$ -	\$ -	\$ 240,944	\$ 81,267	\$ 2,059,093
Pledges receivable, current portion, net	-	74,943	-	-	-	-	74,943
Prepaid expenses and other current assets	10,830	-	34,867	-	250	-	45,947
Total current assets	<u>1,037,701</u>	<u>784,954</u>	<u>34,867</u>	<u>-</u>	<u>241,194</u>	<u>81,267</u>	<u>2,179,983</u>
<b>Capital assets, net</b>							
Capital assets not being depreciated	-	-	-	16,999,265	459,640	-	17,458,905
Capital assets being depreciated, net	-	-	-	888	1,492,769	2,252,346	3,746,003
Total capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000,153</u>	<u>1,952,409</u>	<u>2,252,346</u>	<u>21,204,908</u>
<b>Noncurrent assets</b>							
Cash and cash equivalents - endowment	-	-	4,396,426	-	-	-	4,396,426
Investments	1,274,913	2,055,978	57,327,756	-	-	-	60,658,647
Pledges receivable, less current portion	-	52,000	-	-	-	-	52,000
Cash surrender value of life insurance	-	-	34,683	-	-	-	34,683
Land and property held for investment	345,851	-	-	-	-	-	345,851
Charitable remainder trusts	-	-	487,482	-	-	-	487,482
Interfund advances	(133,033)	116,537	340,359	(3,150)	(334,935)	14,222	-
Total noncurrent assets	<u>1,487,731</u>	<u>2,224,515</u>	<u>62,586,706</u>	<u>(3,150)</u>	<u>(334,935)</u>	<u>14,222</u>	<u>65,975,089</u>
<b>Total assets</b>	<u>2,525,432</u>	<u>3,009,469</u>	<u>62,621,573</u>	<u>16,997,003</u>	<u>1,858,668</u>	<u>2,347,835</u>	<u>89,359,980</u>

See accompanying notes to financial statements.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2013**  
(Continued)

	Enterprise Fund						Total
	Operating		Endowment Account	Capital Asset Account	Student Housing Account	Enterprise Center Account	
	Unrestricted Account	Restricted Account					
<b><u>LIABILITIES</u></b>							
<b>Current liabilities</b>							
Accounts payable and accrued expenses	\$ 36,359	\$ -	\$ 13,465	\$ -	\$ 6,825	\$ 776	\$ 57,425
Scholarships payable	-	27,296	282,477	-	-	-	309,773
Interest payable on bonds	-	-	-	-	3,808	5,222	9,030
Escrow - housing deposits	-	-	-	-	55,521	-	55,521
Unearned revenue	41,456	-	-	-	-	-	41,456
Line of credit payable	-	-	-	-	13,343	-	13,343
Current portion of advances from College of Central Florida	-	-	-	-	100,000	-	100,000
Current portion of gift annuity payable	-	-	16,421	-	-	-	16,421
Current portion of bonds payable	-	-	-	-	160,000	105,000	265,000
Total current liabilities	<u>77,815</u>	<u>27,296</u>	<u>312,363</u>	<u>-</u>	<u>339,497</u>	<u>110,998</u>	<u>867,969</u>
<b>Long-term liabilities</b>							
Long-term portion of advances from College of Central Florida	-	-	-	-	1,080,343	-	1,080,343
Gift annuity payable	-	-	132,740	-	-	-	132,740
Bonds payable, less current portion	-	-	-	-	-	1,365,006	1,365,006
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>132,740</u>	<u>-</u>	<u>1,080,343</u>	<u>1,365,006</u>	<u>2,578,089</u>
<b>Total liabilities</b>	<u>77,815</u>	<u>27,296</u>	<u>445,103</u>	<u>-</u>	<u>1,419,840</u>	<u>1,476,004</u>	<u>3,446,058</u>
<b><u>NET POSITION</u></b>							
<b>Net position</b>							
Net investment in capital assets	-	-	-	17,000,153	1,792,409	782,340	19,574,902
Restricted							
Nonexpendable	-	-	54,044,566	-	-	-	54,044,566
Expendable	-	2,982,173	-	-	-	-	2,982,173
Unrestricted	2,447,617	-	8,131,904	(3,150)	(1,353,581)	89,491	9,312,281
<b>Total net position</b>	<u>\$ 2,447,617</u>	<u>\$ 2,982,173</u>	<u>\$ 62,176,470</u>	<u>\$ 16,997,003</u>	<u>\$ 438,828</u>	<u>\$ 871,831</u>	<u>\$ 85,913,922</u>

See accompanying notes to financial statements.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Enterprise Fund</b>						<b>Total</b>
	<b>Operating</b>		<b>Endowment</b>	<b>Capital</b>	<b>Student</b>	<b>Enterprise</b>	
	<b>Unrestricted</b>	<b>Restricted</b>					
	<b>Account</b>	<b>Account</b>	<b>Account</b>	<b>Asset</b>	<b>Housing</b>	<b>Center</b>	
	<b>Account</b>	<b>Account</b>	<b>Account</b>	<b>Account</b>	<b>Account</b>	<b>Account</b>	
<b>Operating revenues</b>							
Private contributions	\$ 38,664	\$ 450,474	\$ -	\$ -	\$ 38,361	\$ -	\$ 527,499
Change in pledges receivable	-	(203,619)	-	-	-	-	(203,619)
Rental income and fees	42,144	-	-	-	793,146	363,111	1,198,401
Investment income (loss)	(3,961)	(350,138)	9,314,821	-	-	-	8,960,722
Special events	118,972	-	-	-	-	-	118,972
Total operating revenues	<u>195,819</u>	<u>(103,283)</u>	<u>9,314,821</u>	<u>-</u>	<u>831,507</u>	<u>363,111</u>	<u>10,601,975</u>
<b>Operating expenses</b>							
Program services:							
Donor relations	97,234	2,900	-	-	-	-	100,134
Institutional support	98,032	147,210	900	-	-	-	246,142
Scholarships	-	100,685	584,238	-	75,400	-	760,323
Academic program support	1,200	-	396,950	-	-	-	398,150
Special events	119,766	-	-	-	-	-	119,766
Student housing	-	-	-	-	559,413	-	559,413
Enterprise Center	-	-	-	-	-	258,786	258,786
Total program services	<u>316,232</u>	<u>250,795</u>	<u>982,088</u>	<u>-</u>	<u>634,813</u>	<u>258,786</u>	<u>2,442,714</u>
Supporting services:							
General administration	702,441	608	4,927	125	-	-	708,101
Total supporting services	<u>702,441</u>	<u>608</u>	<u>4,927</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>708,101</u>
Total operating expenses	<u>1,018,673</u>	<u>251,403</u>	<u>987,015</u>	<u>125</u>	<u>634,813</u>	<u>258,786</u>	<u>3,150,815</u>
<b>Operating income (loss)</b>	<u>(822,854)</u>	<u>(354,686)</u>	<u>8,327,806</u>	<u>(125)</u>	<u>196,694</u>	<u>104,325</u>	<u>7,451,160</u>

See accompanying notes to financial statements.



**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

(Continued)

	<b>Enterprise Fund</b>						<b>Total</b>
	<b>Operating Unrestricted Account</b>	<b>Restricted Account</b>	<b>Endowment Account</b>	<b>Capital Asset Account</b>	<b>Student Housing Account</b>	<b>Enterprise Center Account</b>	
<b>Nonoperating revenue (expense)</b>							
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ (57,356)	\$ (63,388)	\$ (120,744)
Support from College of Central Florida	363,239	-	-	-	-	-	363,239
Total nonoperating revenue (expense)	<u>363,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,356)</u>	<u>(63,388)</u>	<u>242,495</u>
<b>Change in net position before endowment contributions and transfers</b>	<u>(459,615)</u>	<u>(354,686)</u>	<u>8,327,806</u>	<u>(125)</u>	<u>139,338</u>	<u>40,937</u>	<u>7,693,655</u>
<b>Endowment contributions and transfers</b>							
Private endowment contributions	-	-	530,778	-	-	-	530,778
Interfund transfers	5,430	(38,725)	(800)	-	34,095	-	-
Endowment reinvestment fees	558,309	-	(558,309)	-	-	-	-
Total endowment contributions and transfers	<u>563,739</u>	<u>(38,725)</u>	<u>(28,331)</u>	<u>-</u>	<u>34,095</u>	<u>-</u>	<u>530,778</u>
<b>Change in net position</b>	<u>104,124</u>	<u>(393,411)</u>	<u>8,299,475</u>	<u>(125)</u>	<u>173,433</u>	<u>40,937</u>	<u>8,224,433</u>
<b>Net position, beginning of year</b>	2,343,493	3,375,584	53,876,995	16,997,128	265,395	830,894	77,689,489
<b>Net position, end of year</b>	<u>\$ 2,447,617</u>	<u>\$ 2,982,173</u>	<u>\$ 62,176,470</u>	<u>\$ 16,997,003</u>	<u>\$ 438,828</u>	<u>\$ 871,831</u>	<u>\$ 85,913,922</u>

See accompanying notes to financial statements.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Contract Number</u>	<u>Program Award Amount</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>				
<b>U.S. Department of Education</b>				
Endowment Grant, Title III*	84.031	N/A	\$ 1,340,539	\$ 1,340,539

\* Per OMB Circular A-133, the cumulative balance of federal awards for endowment funds are considered awards expended in each year in which the funds are still restricted.

**Note 1: Summary of Significant Accounting Policies** – The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the basic financial statements.

**Note 2:** None of the federal awards expended by the Foundation were in the form of noncash assistance, there was no insurance in effect during the year related to federal awards, nor were there any loans or loan guarantees outstanding at year-end.

**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,  
College of Central Florida Foundation, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 28, 2014.

***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 Foundation'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 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 over financial reporting 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.

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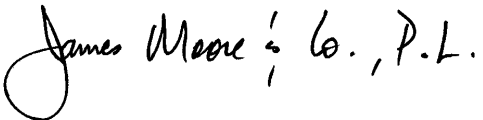
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### ***Compliance and Other Matters***

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

James Moore & Co., P.L.

Gainesville, Florida  
May 28, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors,  
College of Central Florida Foundation, Inc.:

**Report on Compliance for Each Major Federal Program**

We have audited the Foundation's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2013. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Foundation's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

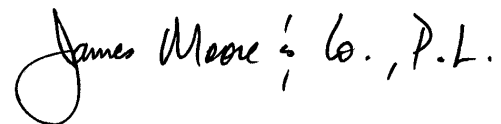
### **Report on Internal Control over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gainesville, Florida  
May 28, 2014

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified \_\_\_ Yes    X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes    X None reported

Noncompliance material to financial statements noted? \_\_\_ Yes    X No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes    X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes    X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_ Yes    X No

Identification of major programs: CFDA No. 84.031, Endowment Grant, Title III, Higher Education Act of 1965

Dollar threshold used to distinguish between the type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? X Yes    \_\_\_ No

**Section II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Government Auditing Standards:** None

**Section III. Findings and Questioned Costs for Federal Awards:** None

**Section IV. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended December 31, 2012:** No corrective action plan was necessary as there were no prior year audit findings.