

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SANTA FE COLLEGE  
FOUNDATION, INC.**

**GAINESVILLE, FLORIDA**

**DECEMBER 31, 2014**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**SANTA FE COLLEGE  
FOUNDATION, INC.**

**GAINESVILLE, FLORIDA**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Santa Fe College Foundation, Inc.  
Gainesville, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Santa Fe College Foundation, Inc. (the Foundation), which comprise the statement of net position as of December 31, 2014, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### 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.

### 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, 2014, and the changes in its net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Santa Fe College Foundation, Inc.  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Matters**

■ **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2013 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

■ **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-13 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2015, 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.

*Purvis, Gray and Company, LLP*

May 11, 2015  
Gainesville, Florida

# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

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## MISSION, ORGANIZATION, AND MAJOR PROGRAM ACTIVITIES

### OUR MISSION

*Santa Fe College Foundation inspires, cultivates, and assists private donors to enrich Santa Fe College Students and our community through scholarships, program enhancements, and facilities support.*

The Santa Fe College Foundation and its Board are committed to meeting the objectives of its mission. Over the past year, the Foundation has engaged in numerous activities and projects aimed at identifying and motivating donors who are in a position to provide assets for the benefit of the students of Santa Fe College (the College).

The Foundation sponsored the following events during the year:

- Annual Santa Fe College Spring Arts Festival
- Master Artist series designed to engage students and patrons with a variety of performers
- Annual Santa Fe College Bradford Fest Events
- Annual President's Dinner featuring "The Many Colors of Soul" produced and directed by Marion Caffey
- Annual Starke/Bradford County "State of the College" luncheon
- Annual Evening Under the Oaks Fundraiser
- Various Tours of Campus designed to engage donors and potential donors
- Annual Board Retreat to strategically plan the next year's fund raising efforts and activities
- Annual Foundation Board Dinner to promote Board collaboration
- Numerous luncheons and dinners to facilitate outreach to potential donors using their existing connections to the various programs and activities at the College
- Athletic Alumni Hall of Fame Induction and luncheon
- "Havana Nights" a celebration of Cuban art
- International Education Reception
- A Children's Holiday Event

### DURING 2014, THE FOUNDATION WAS INVOLVED IN THE FOLLOWING FUND RAISING CAMPAIGNS:

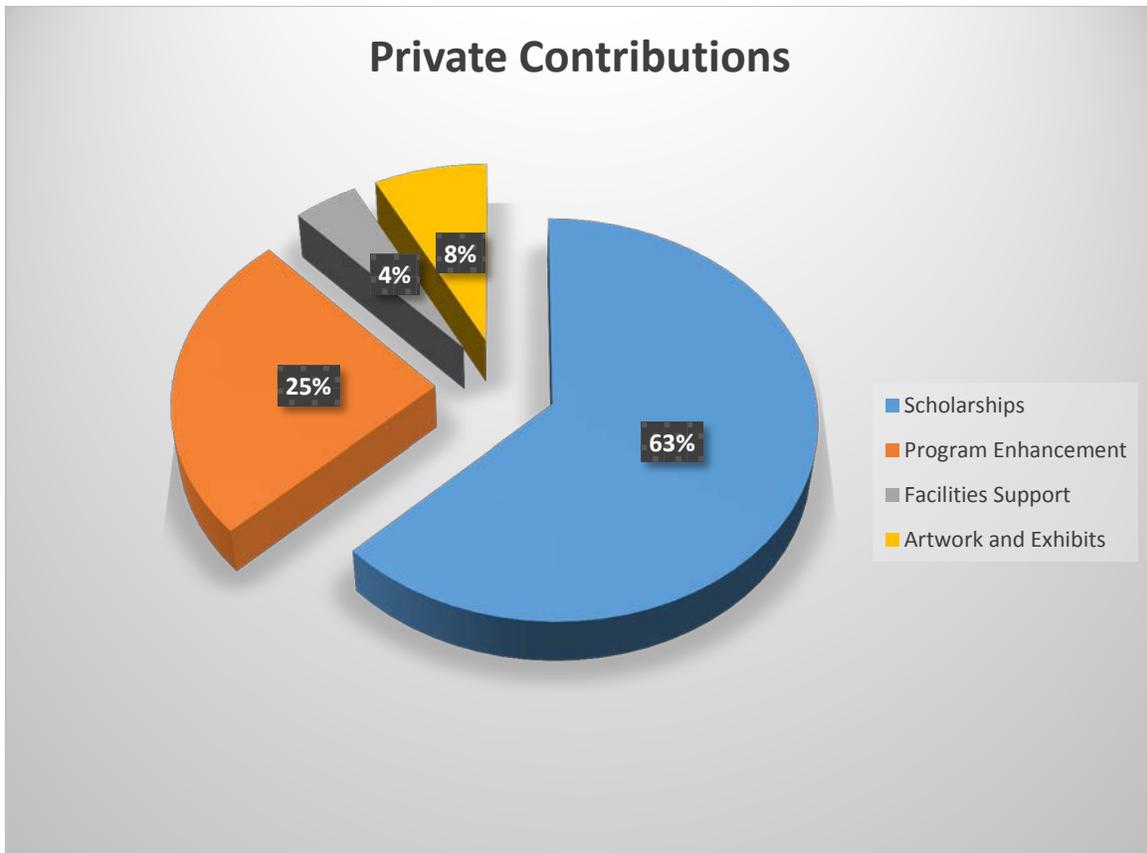
- The Take a Seat Campaign was initiated in 2011 and is ongoing. The goal is to raise approximately \$600,000 through the sponsorship of seats in the College's new Fine Arts Hall. Approximately \$250,000 has been raised toward this goal.
- Women of Distinction Scholarship Fund, where the first Women of Distinction scholarship was funded at the \$50,000 level.

# SANTA FE COLLEGE FOUNDATION, INC.

## Management's Discussion and Analysis For the Year Ended December 31, 2014

- The start of the 50 for 50 Scholarship campaign to raise 50 new scholarships in honor of the College's 50<sup>th</sup> Anniversary.
- An initiative for improvements to the Baseball and Fast Pitch softball fields was started in 2011. The goal is to raise \$1,000,000 for a new Field House, providing locker rooms and training rooms for both sports. This project is ongoing and was expanded in 2012 to include new fencing and refurbishing of the dugouts for both the men's and women's programs. To date, \$125,000 has been raised for the second phase of the project.

DURING 2014, THE FOLLOWING AMOUNTS WERE RAISED IN SUPPORT OF SCHOLARSHIPS, PROGRAM ENHANCEMENT, AND FACILITIES SUPPORT:

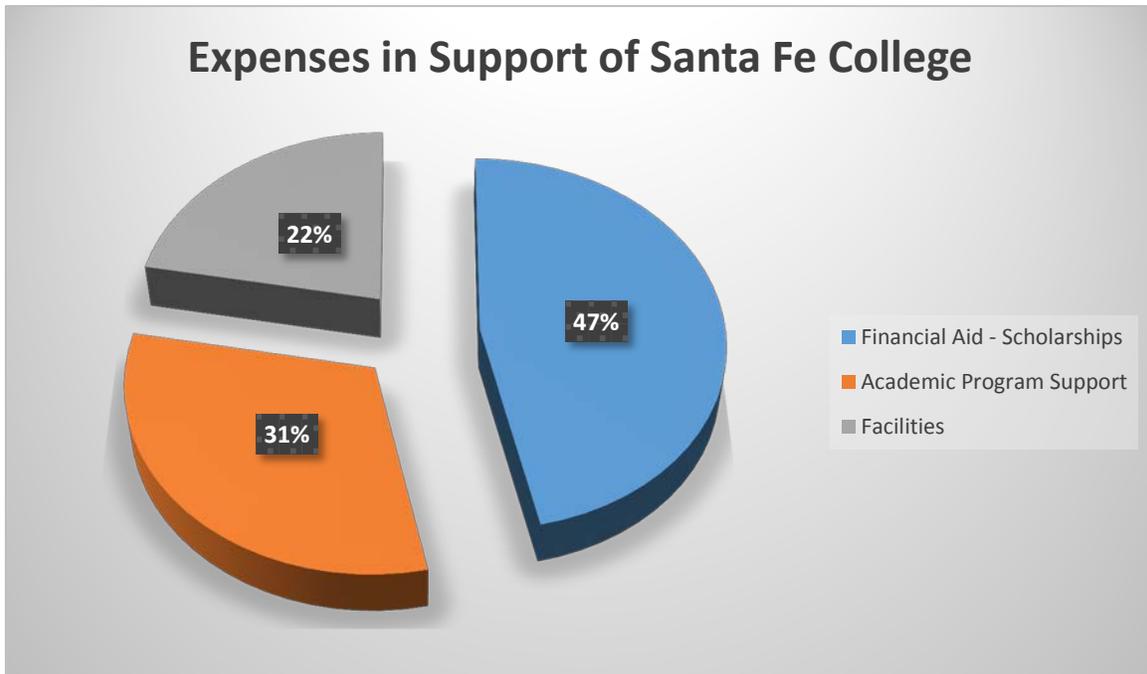


# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

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DURING 2014, THE FOLLOWING EXPENSES WERE MADE ON BEHALF OF THE COLLEGE:



## *Overview of the Financial Statements and Financial Analysis*

The Santa Fe College Foundation, Inc. (the Foundation) presents its financial statements for the fiscal year ended December 31, 2014, which include for comparative purposes the fiscal year ended December 31, 2013. As a reflection of the Board's ongoing commitment to financial management excellence, the Foundation has received an unmodified opinion on our financial statements from Purvis, Gray and Company, the Foundation's outside auditors. In order to help the reader understand the Foundation's financial results, position, and condition, the following analysis addresses the relevance of particular balances and amounts as well as major changes in types and/or amounts of assets, liabilities, costs, revenues, obligations, and outlays.

The Foundation is a direct support organization and component unit of Santa Fe College (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB), and is considered a Business-type Activity.

# SANTA FE COLLEGE FOUNDATION, INC.

## Management's Discussion and Analysis For the Year Ended December 31, 2014

The objective of Management's Discussion and Analysis is to focus on current activities, resulting changes, and currently known facts to provide the reader with an overall summary of the accompanying financial statements. These comments should be read in conjunction with the basic financial statements and the accompanying notes.

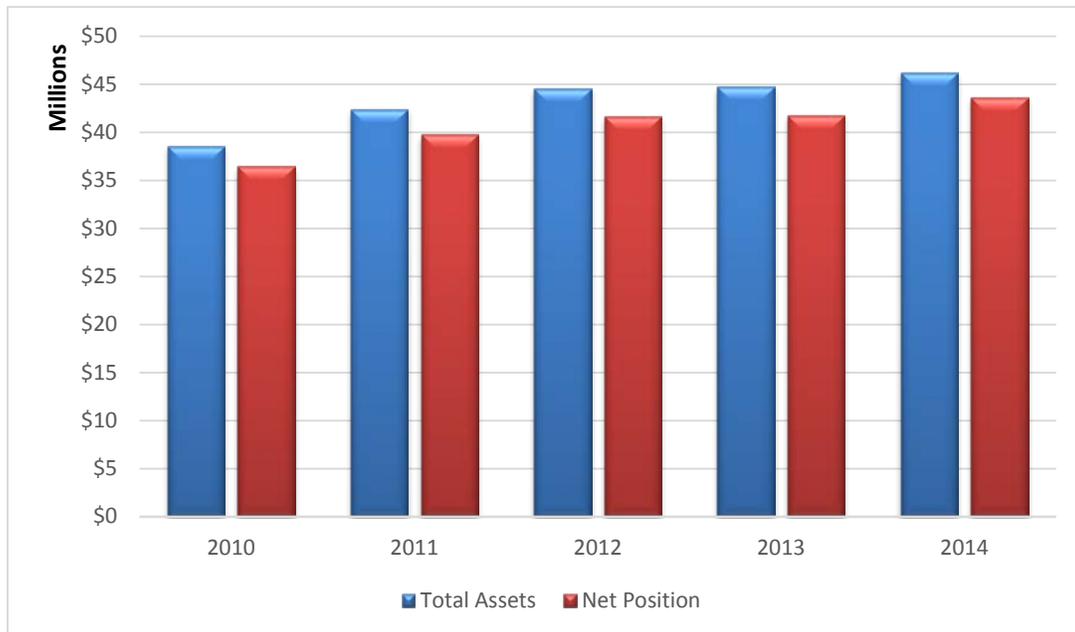
The financial statements include the following:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows
- Notes to Financial Statements

### *Financial Highlights*

- The Foundation's net position increased by \$1,845,366 due to net operating income of \$174,207, net additions to endowment and capital assets totaling \$598,730, and net non-operating income of \$1,072,429. The non-operating income resulted primarily from unrecognized gains on investments in the amount of \$1,170,243. This represented an increase of 4.4% in net position over the prior year.

#### FIVE YEAR GROWTH IN TOTAL ASSETS AND NET POSITION



# SANTA FE COLLEGE FOUNDATION, INC.

## Management's Discussion and Analysis For the Year Ended December 31, 2014

- ❑ The Foundation's total assets increased by \$1,471,518 as a result of last year's activities. Capital assets not held in endowments or as investments amounted to \$11,519,386 and permanent endowments amounted to \$26,613,280.
- ❑ The Foundation received contributions and generated income in the amount of \$2,234,200 in support of the various programs at the College. In addition to scholarships and program support, an additional \$598,730 was added to permanent endowments during the year.
- ❑ The Foundation provided scholarships totaling \$833,578 to students attending Santa Fe College.



### ***Statement of Net Position***

The purpose of the Statement of Net Position is to present the Foundation's financial condition as of the end of the fiscal year. As such, it provides information necessary to determine the Foundation's ability to continue operations; how much it owes to vendors and trust beneficiaries; as well as a snapshot of net position and their availability for expenses by the Foundation in furtherance of its mission.

# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

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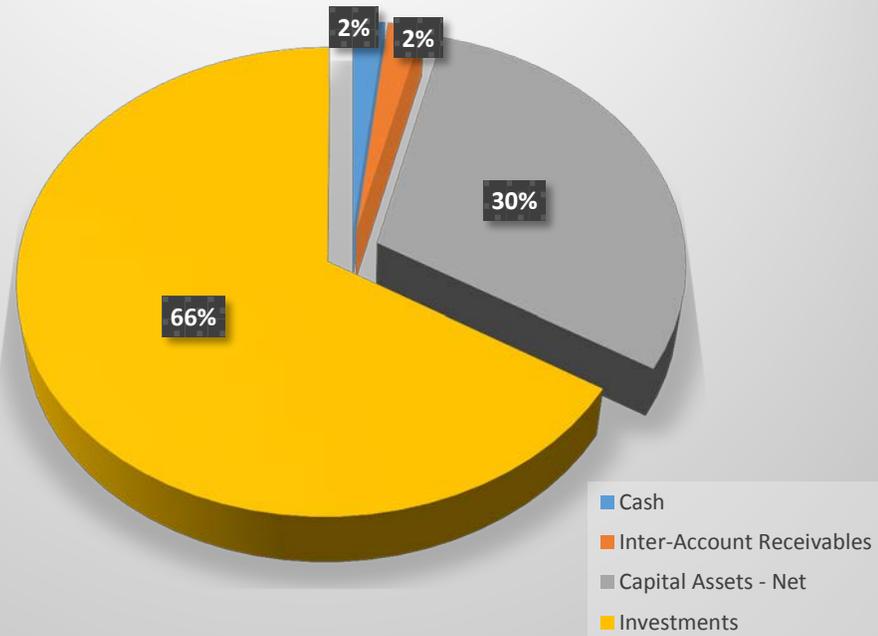
## Condensed Summary of Net Position Information as of December 31 (in thousands of dollars)

|   | 2014             | 2013             | Increase<br>(Decrease) | %<br>Change     |
|---|------------------|------------------|------------------------|-----------------|
| <b>Assets</b>                                 |                  |                  |                        |                 |
| Current Assets                                | \$ 3,264         | \$ 2,853         | \$ 411                 | 14.41%          |
| Non-current Assets:                           |                  |                  |                        |                 |
| Capital Assets-Net                            | 13,802           | 14,176           | (374)                  | (2.64%)         |
| Investments                                   | 29,144           | 27,710           | 1,434                  | 5.18%           |
| <b>Total Assets</b>                           | <b>\$ 46,210</b> | <b>\$ 44,739</b> | <b>\$ 1,471</b>        | <b>3.29%</b>    |
| <b>Liabilities</b>                            |                  |                  |                        |                 |
| Current Liabilities                           | 967              | 1,245            | (278)                  | (22.32%)        |
| Non-current Liabilities                       | 1,627            | 1,723            | (96)                   | (5.57%)         |
| <b>Total Liabilities</b>                      | <b>2,594</b>     | <b>2,968</b>     | <b>(374)</b>           | <b>(12.60%)</b> |
| <b>Net Position</b>                           |                  |                  |                        |                 |
| Net Investment in<br>Capital Assets           | 13,602           | 13,976           | (374)                  | (2.68%)         |
| Permanent Endowments                          | 24,562           | 23,491           | 1,071                  | 4.56%           |
| Restricted-Expendable                         | 5,341            | 4,335            | 1,006                  | 23.20%          |
| Unrestricted                                  | 111              | (31)             | 142                    | 458.06%         |
| <b>Total Net Position</b>                     | <b>43,616</b>    | <b>41,771</b>    | <b>1,845</b>           | <b>4.41%</b>    |
| <b>Total Liabilities and<br/>Net Position</b> | <b>\$ 46,210</b> | <b>\$ 44,739</b> | <b>\$ 1,471</b>        | <b>3.29%</b>    |

# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

## Composition of Foundation Assets - 2014



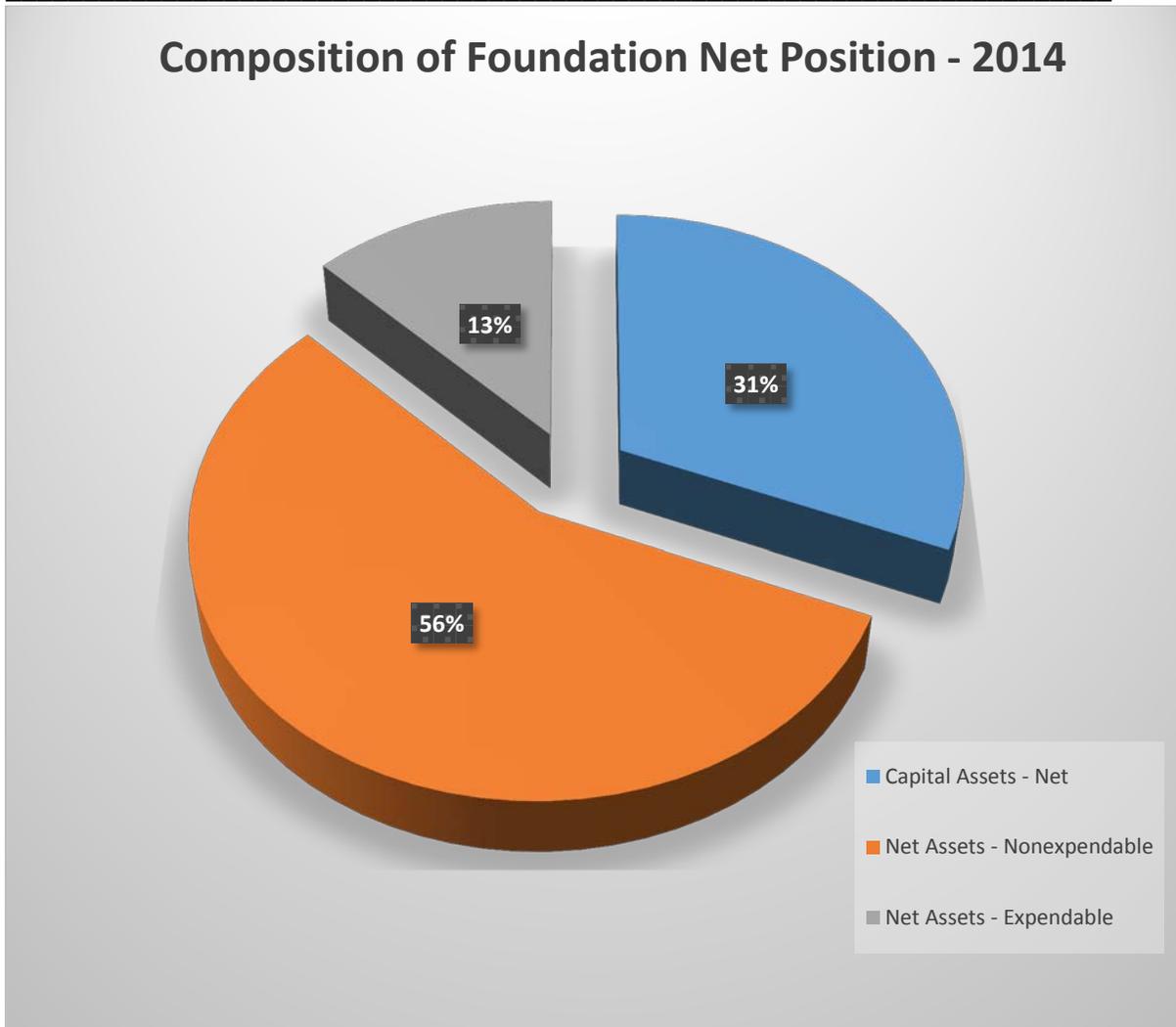
Total assets increased last year by \$1,471,518, to a total of \$46,210,027. This increase was the result of the increase in amount and carrying value of investments of \$2,442,292 and decreases in cash of \$325,778, capital assets of \$373,205, and inter-account receivables in the amount of \$290,129. Total assets consist primarily of investments, which make up 66% of total assets and capital assets, which make up 30%. These amounts reflect the three primary activities of the Foundation in the areas of scholarships, program enhancement, and facilities.

The net decrease in capital or fixed assets is a result of the addition of building improvements of approximately \$21,148 and the normal charge for depreciation of \$394,353.

Total liabilities amounted to \$2,594,408, the majority of which relates to annuity trust obligations resulting from charitable gifts. This liability in the amount of \$1,626,631 represents the present value of the annuity trust obligations. The balance of the liabilities consists of monthly accounts payable and inter-fund borrowings.

# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014



### *Changes in Net Position*

Net position increased last year by \$1,845,366. This increase was due to net operating income of \$174,207, additions to endowments and capital or fixed assets of \$598,730, and investment gains during the last year of \$1,072,429. The funds contributed for endowments are designated by the donors to be placed in permanent endowments, the earnings from which can be used to fund scholarships or other program enhancements such as equipment.

## SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

### Condensed Summary of Revenues, Expenses, and Changes in Net Position

for the Year Ended December 31  
(in thousands of dollars)

|                                    | 2014            | 2013          | Increase<br>(Decrease) | %<br>Change |
|------------------------------------|-----------------|---------------|------------------------|-------------|
| <b>Revenues</b>                    |                 |               |                        |             |
| Operating                          | \$ 2,234        | \$ 2,188      | \$ 46                  | 2.10%       |
| Non-operating                      | 1,170           | 42            | 1,128                  | 268.57%     |
| Capital Additions                  | 599             | 352           | 247                    | 70.17%      |
| <b>Total Revenues</b>              | <u>4,003</u>    | <u>2,582</u>  | <u>1,421</u>           | 55.03%      |
| <b>Expenses</b>                    |                 |               |                        |             |
| Operating                          | 2,060           | 1,868         | 192                    | 10.28%      |
| Non-operating                      | 98              | 134           | (36)                   | (26.87)%    |
| Transfers                          | 0               | 463           | (463)                  | (100.00)%   |
| <b>Total Expenses</b>              | <u>2,158</u>    | <u>2,465</u>  | <u>(307)</u>           | (12.45)%    |
| <b>Changes in Net<br/>Position</b> | <u>\$ 1,845</u> | <u>\$ 117</u> | <u>\$ 1,728</u>        | 1476.9%     |

#### *Changes in Support and Revenue*

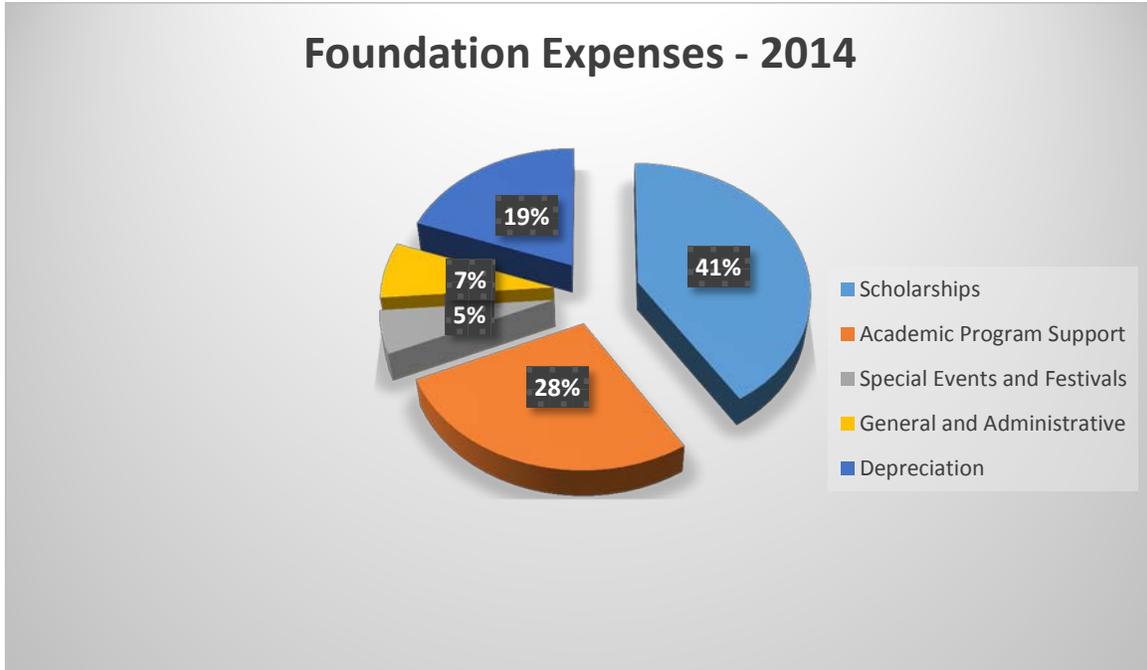
Operating revenue increased by \$46,000, or 2.10% from the prior year. Capital contributions increased by \$247,000, or approximately 70.17% over the prior year.

There was a slight increase in investment income of \$41,467 compared with the previous year. This increase is the result of the addition of endowed investments over the past 12 months. While investments have increased, there is continued erosion in interest rate returns on investment grade bonds, which make up the majority of the investment portfolio. This amount does not reflect the adjustment for changes in market value of investments. An adjustment for changes in market value of the Foundation's investment portfolio of \$1,170,243 is reflected as non-operating income. These market adjustments are reflected as non-operating income or non-operating loss in the year in which they are recorded and do not impact cash flow or the cash return on investments.

# SANTA FE COLLEGE FOUNDATION, INC.

Management's Discussion and Analysis  
For the Year Ended December 31, 2014

## *Changes in Expenses*



The Foundation's operating expenses consist primarily of direct expenditures in support of the College and direct transfers to the College in support of capital projects in years when those transfers are appropriate. Of the \$2,059,993 in total operating expenses and transfers for the past year, \$1,525,754 or approximately 74%, directly benefited the College as scholarship, program, capital or special event, and festival expenses. An additional \$394,353 of expenses results from depreciation of buildings used by the College as classrooms and administrative offices. This brings expenses for the direct or indirect benefit of the College to 93.2% of total expenses, which is slightly lower than the previous year. Non-operating expenses, which result primarily from the change in value of split interest agreements, decreased by \$37,182 from the previous year.

## *Statement of Cash Flows*

Total cash provided by operating activities amounted to \$552,433 for the past year, compared to total cash provided of \$711,377 in the previous year.

Cash flows used in investing activities amounted to \$1,566,766 this past year, compared to cash used of \$55,966 in the previous year. The Foundation invests almost all of its cash contributions as endowed or capital investments; this category is a direct reflection of the level of cash contributions in any one year, the related investment and/or construction activity, and the change in interest rates. As stated previously, interest rates have fallen slightly over the reporting period resulting in the slight decrease in cash return.

## SANTA FE COLLEGE FOUNDATION, INC.

### Management's Discussion and Analysis For the Year Ended December 31, 2014

Cash flows provided by capital and related financing activities amounted to \$688,555 this past year, compared to \$192,680 used in the previous year.

#### *Economic Factors that will affect the Future*

Charitable giving is affected by many factors including the general state of the economy, the health of the stock market and prospective donors' perception of the benefiting organization. Toward this latter factor, the College has historically enjoyed a very positive reputation in the communities it serves. While economic factors do affect charitable giving in general, the Foundation has a history of very steady growth regardless of changes in these factors.

#### *Acknowledgments*

The preparation of this report could not be accomplished without the dedicated service of the entire staff of the Santa Fe College Foundation. Each member of the staff has our sincere appreciation for the contributions made in the preparation of this report.

In closing, appreciation is extended to the Foundation Board of Directors for their continued commitment to the highest ethical standards in financial reporting and disclosure, and their support and encouragement for management and staff.

Respectfully submitted,



Charles W. Clemons, Sr.  
Treasurer



C. Michael Curry, CPA  
Assistant Treasurer

**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**

|                                | 2014                     |                     |                          |                      |                      | 2013                 |
|--------------------------------|--------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                                | Business-type Activities |                     |                          |                      |                      |                      |
|                                | Operating                |                     | General Plant<br>Account | Endowment<br>Account | Total<br>Fund        |                      |
| Unrestricted<br>Account        | Restricted<br>Account    |                     |                          |                      |                      |                      |
| <b>ASSETS</b>                  |                          |                     |                          |                      |                      |                      |
| <b>Current Assets</b>          |                          |                     |                          |                      |                      |                      |
| Cash and Cash Equivalents      | \$ 342,940               | \$ 457,445          | \$ 0                     | \$ 42,777            | \$ 843,162           | \$ 1,168,940         |
| Accounts Receivable            | 18,338                   | 0                   | 0                        | 0                    | 18,338               | 0                    |
| Inter-account Receivable       | 0                        | 734,653             | 0                        | 200,000              | 934,653              | 1,224,782            |
| Investments - Current Portion  | 33,449                   | 666,237             | 0                        | 768,150              | 1,467,836            | 459,293              |
| <b>Total Current Assets</b>    | <b>394,727</b>           | <b>1,858,335</b>    | <b>0</b>                 | <b>1,010,927</b>     | <b>3,263,989</b>     | <b>2,853,015</b>     |
| <b>Noncurrent Assets</b>       |                          |                     |                          |                      |                      |                      |
| Investments                    | 457,392                  | 5,135,160           | 0                        | 23,551,149           | 29,143,701           | 27,709,952           |
| Capital Assets (Net)           | 0                        | 31,747              | 11,719,386               | 2,051,204            | 13,802,337           | 14,175,542           |
| <b>Total Noncurrent Assets</b> | <b>457,392</b>           | <b>5,166,907</b>    | <b>11,719,386</b>        | <b>25,602,353</b>    | <b>42,946,038</b>    | <b>41,885,494</b>    |
| <b>TOTAL ASSETS</b>            | <b>\$ 852,119</b>        | <b>\$ 7,025,242</b> | <b>\$ 11,719,386</b>     | <b>\$ 26,613,280</b> | <b>\$ 46,210,027</b> | <b>\$ 44,738,509</b> |

The accompanying notes are an integral part of these financial statements.

**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**  
*(Concluded)*

|                                     | <b>2014</b>                     |                               |                                  |                              |                       | <b>2013</b>           |
|-------------------------------------|---------------------------------|-------------------------------|----------------------------------|------------------------------|-----------------------|-----------------------|
|                                     | <b>Business-type Activities</b> |                               |                                  |                              |                       |                       |
|                                     | <b>Operating</b>                |                               |                                  |                              |                       |                       |
|                                     | <b>Unrestricted<br/>Account</b> | <b>Restricted<br/>Account</b> | <b>General Plant<br/>Account</b> | <b>Endowment<br/>Account</b> | <b>Total<br/>Fund</b> | <b>Total<br/>Fund</b> |
| <b>LIABILITIES</b>                  |                                 |                               |                                  |                              |                       |                       |
| <b>Current Liabilities</b>          |                                 |                               |                                  |                              |                       |                       |
| Inter-account Payable               | \$ 734,653                      | \$ 0                          | \$ 200,000                       | \$ 0                         | \$ 934,653            | \$ 1,224,782          |
| Accounts Payable                    | 6,724                           | 26,400                        | 0                                | 0                            | 33,124                | 20,474                |
| <b>Total Current Liabilities</b>    | <u>741,377</u>                  | <u>26,400</u>                 | <u>200,000</u>                   | <u>0</u>                     | <u>967,777</u>        | <u>1,245,256</u>      |
| <b>Noncurrent Liabilities</b>       |                                 |                               |                                  |                              |                       |                       |
| Annuity Trust Obligations           | 0                               | 1,626,631                     | 0                                | 0                            | 1,626,631             | 1,723,000             |
| <b>Total Noncurrent Liabilities</b> | <u>0</u>                        | <u>1,626,631</u>              | <u>0</u>                         | <u>0</u>                     | <u>1,626,631</u>      | <u>1,723,000</u>      |
| <b>Total Liabilities</b>            | <u>741,377</u>                  | <u>1,653,031</u>              | <u>200,000</u>                   | <u>0</u>                     | <u>2,594,408</u>      | <u>2,968,256</u>      |
| <b>NET POSITION</b>                 |                                 |                               |                                  |                              |                       |                       |
| Net Investment in Capital Assets    | 0                               | 31,747                        | 11,519,386                       | 2,051,204                    | 13,602,337            | 13,975,542            |
| Restricted:                         |                                 |                               |                                  |                              |                       |                       |
| Nonexpendable                       | 0                               | 0                             | 0                                | 24,562,076                   | 24,562,076            | 23,490,875            |
| Expendable                          | 0                               | 5,340,464                     | 0                                | 0                            | 5,340,464             | 4,335,294             |
| Unrestricted                        | 110,742                         | 0                             | 0                                | 0                            | 110,742               | (31,458)              |
| <b>Total Net Position</b>           | <u>\$ 110,742</u>               | <u>\$ 5,372,211</u>           | <u>\$ 11,519,386</u>             | <u>\$ 26,613,280</u>         | <u>\$ 43,615,619</u>  | <u>\$ 41,770,253</u>  |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**

|                                 | <b>2014</b>                     |                  |                                  |                              | <b>2013</b>           |                       |
|---------------------------------|---------------------------------|------------------|----------------------------------|------------------------------|-----------------------|-----------------------|
|                                 | <b>Business-type Activities</b> |                  |                                  |                              |                       |                       |
|                                 | <b>Operating</b>                |                  | <b>General Plant<br/>Account</b> | <b>Endowment<br/>Account</b> | <b>Total<br/>Fund</b> | <b>Total<br/>Fund</b> |
| <b>Unrestricted<br/>Account</b> | <b>Restricted<br/>Account</b>   |                  |                                  |                              |                       |                       |
| <b>OPERATING REVENUES</b>       |                                 |                  |                                  |                              |                       |                       |
| Contributions:                  |                                 |                  |                                  |                              |                       |                       |
| Cash and Investments            | \$ 163,768                      | \$ 245,618       | \$ 3,501                         | \$ 0                         | \$ 412,887            | \$ 401,654            |
| Investment Income               | 22,973                          | 1,284,801        | 0                                | 0                            | 1,307,774             | 1,266,307             |
| Rental Income and Fees          | 119,293                         | 129,091          | 0                                | 0                            | 248,384               | 250,397               |
| Program Income                  | 0                               | 67,579           | 0                                | 0                            | 67,579                | 51,227                |
| Special Events and Festivals    | 197,576                         | 0                | 0                                | 0                            | 197,576               | 218,428               |
| <b>TOTAL OPERATING REVENUE</b>  | <b>503,610</b>                  | <b>1,727,089</b> | <b>3,501</b>                     | <b>0</b>                     | <b>2,234,200</b>      | <b>2,188,013</b>      |
| <b>OPERATING EXPENSES</b>       |                                 |                  |                                  |                              |                       |                       |
| Program Services:               |                                 |                  |                                  |                              |                       |                       |
| Financial Aid – Scholarships    | 0                               | 833,578          | 0                                | 0                            | 833,578               | 736,507               |
| Academic Program Support        | 64,338                          | 494,977          | 0                                | 0                            | 559,315               | 451,954               |
| Special Events and Festivals    | 107,481                         | 0                | 0                                | 0                            | 107,481               | 156,716               |
| Fund Raising Expense            | 25,380                          | 0                | 0                                | 0                            | 25,380                | 33,550                |
| Total Program Services          | 197,199                         | 1,328,555        | 0                                | 0                            | 1,525,754             | 1,378,727             |
| Supporting Services:            |                                 |                  |                                  |                              |                       |                       |
| General Administration          | 139,886                         | 0                | 0                                | 0                            | 139,886               | 95,236                |
| Depreciation                    | 0                               | 0                | 394,353                          | 0                            | 394,353               | 394,353               |
| Total Supporting Services       | 139,886                         | 0                | 394,353                          | 0                            | 534,239               | 489,589               |
| <b>TOTAL OPERATING EXPENSES</b> | <b>337,085</b>                  | <b>1,328,555</b> | <b>394,353</b>                   | <b>0</b>                     | <b>2,059,993</b>      | <b>1,868,316</b>      |
| <b>OPERATING INCOME (LOSS)</b>  | <b>166,525</b>                  | <b>398,534</b>   | <b>(390,852)</b>                 | <b>0</b>                     | <b>174,207</b>        | <b>319,697</b>        |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
*(Concluded)*

|  | <b>2014</b>                     |                     |                                  |                              |                       | <b>2013</b>          |
|--|---------------------------------|---------------------|----------------------------------|------------------------------|-----------------------|----------------------|
|  | <b>Business-type Activities</b> |                     |                                  |                              |                       |                      |
|  | <b>Operating</b>                |                     | <b>General Plant<br/>Account</b> | <b>Endowment<br/>Account</b> | <b>Total<br/>Fund</b> |                      |
| <b>Unrestricted<br/>Account</b>  | <b>Restricted<br/>Account</b>   |                     |                                  |                              |                       |                      |
| <b>NONOPERATING REVENUE (EXPENSE)</b>  |                                 |                     |                                  |                              |                       |                      |
| Investment Gains (Losses)  | \$ 18,557                       | \$ 1,151,686        | \$ 0                             | \$ 0                         | \$ 1,170,243          | \$ 42,327            |
| Change in Value of Split<br>Interest Agreements                                    | 0                               | (97,814)            | 0                                | 0                            | (97,814)              | (134,996)            |
| <b>TOTAL NONOPERATING REVENUE<br/>(EXPENSES)</b>                                   | <b>18,557</b>                   | <b>1,053,872</b>    | <b>0</b>                         | <b>0</b>                     | <b>1,072,429</b>      | <b>(92,669)</b>      |
| <b>NET INCOME (LOSS) BEFORE<br/>ADDITIONS AND TRANSFERS</b>                        | <b>185,082</b>                  | <b>1,452,406</b>    | <b>(390,852)</b>                 | <b>0</b>                     | <b>1,246,636</b>      | <b>227,028</b>       |
| <b>CAPITAL ADDITIONS (DELETIONS)<br/>TRANSFERS</b>                                 |                                 |                     |                                  |                              |                       |                      |
| Endowment Principal Additions  | 0                               | 0                   | 0                                | 598,730                      | 598,730               | 259,948              |
| Capital Additions  | 0                               | 0                   | 0                                | 0                            | 0                     | 92,600               |
| Transfers in Support of Santa Fe College   | 0                               | 0                   | 0                                | 0                            | 0                     | (462,853)            |
| Inter Fund Transfers   | (42,882)                        | (432,489)           | 2,900                            | 472,471                      | 0                     | 0                    |
| <b>TOTAL CAPITAL ADDITIONS<br/>(DELETIONS) AND TRANSFERS</b>                       | <b>(42,882)</b>                 | <b>(432,489)</b>    | <b>2,900</b>                     | <b>1,071,201</b>             | <b>598,730</b>        | <b>(110,305)</b>     |
| <b>NET INCOME (LOSS) AFTER CAPITAL<br/>ADDITIONS (DELETIONS) AND<br/>TRANSFERS</b> | <b>142,200</b>                  | <b>1,019,917</b>    | <b>(387,952)</b>                 | <b>1,071,201</b>             | <b>1,845,366</b>      | <b>116,723</b>       |
| <b>NET POSITION, BEGINNING</b>   | <b>(31,458)</b>                 | <b>4,352,294</b>    | <b>11,907,338</b>                | <b>25,542,079</b>            | <b>41,770,253</b>     | <b>41,653,530</b>    |
| <b>NET POSITION, ENDING</b>  | <b>\$ 110,742</b>               | <b>\$ 5,372,211</b> | <b>\$ 11,519,386</b>             | <b>\$ 26,613,280</b>         | <b>\$ 43,615,619</b>  | <b>\$ 41,770,253</b> |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**

|   | <u>2014</u>        | <u>2013</u>         |
|---|--------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                    |                     |
| <b>Cash Received From</b>   |                    |                     |
| Contributions from Donors, Grants, and Match Programs   | \$ 412,887         | \$ 401,654          |
| Investment Income   | 1,307,774          | 1,266,307           |
| Rental Income   | 248,384            | 250,397             |
| Program Income  | 67,579             | 51,227              |
| Other   | 179,238            | 220,928             |
| <b>Cash Disbursed For</b>   |                    |                     |
| Scholarship Awards  | (833,578)          | (736,507)           |
| Program Expense   | (559,315)          | (451,954)           |
| General Administration  | (139,886)          | (128,786)           |
| Other   | (130,650)          | (161,889)           |
| <b>Total Cash Provided by Operating Activities</b>  | <u>552,433</u>     | <u>711,377</u>      |
| <b>Cash Flows from Capital and Related Financing Activities</b>                               |                    |                     |
| Capital Contributions   | 0                  | 16,000              |
| Transfers to Santa Fe College   | 0                  | (462,853)           |
| Endowment Contributions   | 598,730            | 259,948             |
| Increase in Annuity Trust Obligations   | 97,034             | 0                   |
| Purchases of Capital Assets   | (7,209)            | (5,775)             |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                   | <u>688,555</u>     | <u>(192,680)</u>    |
| <b>Cash flows from Investing Activities</b>   |                    |                     |
| Purchases of Investments  | (6,215,881)        | (6,491,510)         |
| Proceeds from Sales and Maturities of Investments   | 4,940,512          | 6,745,199           |
| Payments on Annuities and Split Interest Agreements   | (291,397)          | (309,655)           |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                       | <u>(1,566,766)</u> | <u>(55,966)</u>     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                   | (325,778)          | 462,731             |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | 1,168,940          | 706,209             |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u>\$ 843,162</u>  | <u>\$ 1,168,940</u> |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>        |                    |                     |
| Operating Income  | \$ 174,207         | \$ 319,697          |
| <b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b> |                    |                     |
| Depreciation Expense  | 394,353            | 394,353             |
| <b>Change in Assets and Liabilities</b>   |                    |                     |
| (Increase)Decrease in Accounts Receivable   | (18,338)           | 2,500               |
| Increase(Decrease) in Accounts Payable  | 2,211              | (5,173)             |
| <b>Net Cash Provided by Operating Activities</b>  | <u>\$ 552,433</u>  | <u>\$ 711,377</u>   |
| <b>Noncash Investing, Capital and Financing Activities</b>                                    |                    |                     |
| Value of Capital Assets Donated to Foundation   | \$ 8,228           | \$ 76,600           |
| Unrealized Investment Gains   | 1,215,610          | 131,275             |
| Change in Value of Split Interest Agreements  | (97,814)           | (134,996)           |

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Santa Fe College Foundation, Inc. is a direct support organization of Santa Fe College as provided for in Section 1004.70, Florida Statutes, and is considered a component unit of Santa Fe College (the "College"). The Foundation was formed in 1969 as a 501(c)(3) not-for-profit organization whose objective is to provide students attending the College with funds to pursue their chosen field of study and to provide the College with funds and facilities to enhance the educational experience of students at the College.

During 2008, at the direction of the Florida Legislature, Santa Fe Community College changed its name to Santa Fe College, in anticipation of awarding four-year baccalaureate degrees in selected areas of study. As a result, the Santa Fe Community College Endowment Corporation, Inc. was required to change its name to conform to the College. During that process the Endowment Board elected to change the name of the Corporation from Endowment Corporation to Foundation.

**Basis of Accounting**

The Foundation's financial statements are prepared on the accrual basis of accounting; a method that measures the performance and position of an entity by recognizing economic events regardless of when cash transactions occur. These financial statements are entirely those of the Foundation and, accordingly, are not intended to present the financial position or the results of operations of the College. The Foundation was determined to be "governmental Entity" under guidance provided by the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Foundation was considered a special purpose governmental unit engaged exclusively in business-type activities.

**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 purpose. All of the Foundation's financial activity is accounted for in a single business-type fund, which is broken down into the following sub-accounts:

**Operating Account** – includes unrestricted and restricted resources, representing 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 requiring that the principal be invested in perpetuity and that the income can only be used for scholarships and other designated program enhancement activities.

**General Plant Account** – consists of the net investment in land, buildings and equipment.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Classification of Revenues**

The Foundation classifies its revenues as operating or non-operating according to the following criteria:

**Operating Revenues** – are comprised of expendable resources, including unrestricted and restricted contributions from donors, program revenues, un-endowed matching funds, and income from investments.

**Non-operating Revenues** – include mortgage interest income, investment gains and losses, and revenues derived from contributions restricted for capital additions or endowments.

**Donor Restricted Endowments**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable 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.

**Capital Assets**

**General Plant Account** - Capital Asset acquisitions intended to further the purposes of the Foundation and/or the College are accounted for as a separate fund balance amount entitled "Capital Assets (Net)" in the General Plant Account. These assets are recorded at cost, if purchased. Contributed property and equipment is recorded at estimated value, as determined by the donor or the Foundation, at the date of receipt. Assets capitalized have a useful life greater than one year and have an original cost of \$500 or greater. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, based on a 40-year useful life for buildings and a 5- to 7-year useful life for equipment.

Capital asset acquisitions intended for direct contribution to the College are recorded as expenditures in the Foundation's accounting records.

**Endowment Account** – Pursuant to GASB Statement No. 52, land and other real estate held as investments by endowments are reported at fair value as of the reporting date in a separate account entitled "Capital Assets (Net) in the Endowment Account. Changes in fair value during the reporting period are reported as investment income or loss.

**Cash and Cash Equivalents**

Cash and cash equivalents represent unrestricted cash in checking and money market accounts and unrestricted certificates of deposit with original maturities of less than three months. The carrying amount of all cash deposits at December 31, 2014, was \$843,162 and the related bank balance was \$806,166. Cash deposits in excess of \$250,000 at individual financial institutions are uninsured and management does not consider this risk significant. Certain investments are held in brokerage house investment accounts that are not insured by the Federal Deposit Insurance Corporation.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Investments**

The Foundation has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as well as the additions to investment disclosures as prescribed by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. In accordance with GASB Statement No. 31 guidelines, 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. All investment income is recorded in the operating accounts, including the income on investments owned by endowment accounts.

**Income Taxes**

The Foundation is currently exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Foundation is not a private foundation; therefore, no provision for income taxes has been recorded.

**Art Collection**

Art acquisitions are recorded at cost if purchased or at estimated value on date of receipt if donated. Although the art collection has been capitalized it is considered inexhaustible and, therefore, not depreciable. See Note 4 for additional information.

**Unamortized Film Costs**

Costs associated with the production of video documentaries have been capitalized and are being amortized over ten years using the straight line method. Film costs include all direct costs incurred in the physical production of a film, such as the costs of story and scenario (film rights to books, stage plays, or original screenplays); compensation of cast, directors, producers, and extras; costs of set construction, operations, and wardrobe; costs of sound synchronization; costs of rental facilities on location; and post production costs (music, special effects, and editing). They also include allocations of production overhead and capitalized interest costs where applicable. See Note 4 for additional information.

**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 amounts payable.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Net Position**

The Foundation's net position is classified as follows:

**Net Investment in Capital Assets** – represents the Foundation's total investment in capital assets, net of outstanding debt obligations related to those assets.

**Restricted-Expendable** – includes resources the Foundation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

**Restricted-Nonexpendable** – consists of endowment and similar type funds in which donors or 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.

**Unrestricted** – represents net position that is not restricted for any purpose and available for current operations.

**Prior Year Total Columns**

The financial statements include certain prior year summarized comparative information in total. Such information does not contain sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**Fair Value of Financial Instruments**

The Foundation did not hold any derivative instruments for trading purposes at December 31, 2014, and does not invest in derivative instruments. The carrying amount of cash, receivables, and payables approximates fair value.

**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 occasionally 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.

**Receivables**

Receivables are recorded at their anticipated realizable balances. The provision for doubtful accounts is zero.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Concluded)*

**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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates also affect the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**Definitions**

**Contracts** - Contracts consist of agreements with outside entities whereby the Foundation agrees to provide certain educational services (usually through the College) for a contracted fee.

**Grants** - Grants consist of contractual arrangements with governmental or quasi-governmental entities, whereby the Foundation agrees to carry out certain activities as specified in the grant document. Grants differ from contracts in that they involve public monies and usually carry greater restrictions as to purpose and use.

**Programs** - Programs refer to various activities carried out by the Foundation that are not of a contractual nature. These activities may involve cooperation with various outside agencies or departments within the College or be directed solely by the Foundation. These activities are represented by separate funds in the Foundation's accounting records and may involve unrestricted resources, restricted resources, designated resources, or some combination of these funds.

**NOTE 2 - ACCOUNTS RECEIVABLE**

The Foundation was due refunds from vendors of \$18,338 as of December 31, 2014.

**NOTE 3 - INVESTMENTS**

The Board of Directors, as the governing Board of the Foundation, is responsible for the management of the Foundation's investments and establishes investment policy through its Finance Committee.

Investments authorized by the Board include equity securities, fixed-income securities, and real estate. The equity portion of the investment portfolio may include both domestic and foreign, common and preferred stocks, actively managed and passive (index) strategies. The fixed-income portion of the investment portfolio may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
**(Continued)**

**NOTE 3 – INVESTMENTS (Continued)**

Investment brokerage houses manage investments for the Foundation. Due to the implementation of GASB Statement No. 31, investments are recorded at fair value based on quoted market prices. Investments are composed of the following at December 31, 2014:

|  | <b><u>Current Year<br/>Unrealized<br/>Appreciation<br/>(Depreciation)</u></b> | <b><u>Fair<br/>Value</u></b> |
|--|---|------------------------------|
| Mutual/Closed End Funds                  | \$ 0  | \$ 400,155                   |
| Corporate Common Stocks and Mutual Funds | 525,173   | 11,213,210                   |
| U.S. Government and Federal Agency Bonds | (7)   | 2,412                        |
| Corporate Preferred Stocks               | 160,800   | 1,054,360                    |
| Corporate Bonds                          | 454,682   | 16,290,633                   |
| Municipal Bonds                          | 74,963  | 1,650,767                    |
| <b>TOTAL</b>                             | <b><u>\$ 1,215,611</u></b>  | <b><u>\$ 30,611,537</u></b>  |

Presented in the accompanying financial statements as:

|                 | <b><u>Fair<br/>Value</u></b> |
|-----------------|------------------------------|
| Operating Funds | \$ 6,292,238                 |
| Endowment Funds | 24,319,299                   |
| <b>TOTAL</b>    | <b><u>\$ 30,611,537</u></b>  |

There was \$1,215,611 in unrealized appreciation in the fair value of investments during the year ended December 31, 2014. The carrying value of investments at December 31, 2014, includes all material changes in fair value, including both realized and unrealized gains and losses that occurred both during the current year and previous years. The calculation of realized gains and losses is independent of the net unrealized appreciation or depreciation in the fair value of investments held at year end.

The components of investment income and investment gains and (losses) consisted of the following for the year ended December 31, 2014:

|                              |                            |
|------------------------------|----------------------------|
| Interest and Dividends       | \$ 1,418,279               |
| Investment Fees              | <u>(110,505)</u>           |
| <b>Net Investment Income</b> | <b><u>\$ 1,307,774</u></b> |

Total investment return, representing the combined income plus net appreciation (depreciation) in the fair value of investments, for the year ended December 31, 2014, was 8.57%.

**Investment Risk Factors**

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 3 – INVESTMENTS** *(Continued)*

**Credit Risk** – Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments.

A bond’s credit quality is an assessment of the issuer’s ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example, Moody’s Investors Services (Moody’s) or Standard and Poor’s (S&P). The lower a bond’s rating, the greater the chance, in the rating agency’s opinion, that the bond issuer will default or fail to meet its payment obligation. Generally, the lower a bond’s credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are not considered to have credit risk. In addition, certain investments, such as investment pools managed by other governments and investments in money market mutual funds cannot be categorized because the investments are not evidenced by specific, identifiable investment securities.

It is the policy of the Board to invest only in securities rated investment grade or higher. Those securities listed at below investment grade have been downgraded subsequent to purchase. In each case the Board, through its Finance Committee, has determined that the downgraded security has a reasonable expectation of recovery and has elected to maintain its position.

The credit risk profile for securities at December 31, 2014, is as follows:

| <b>Rating</b>            | <b>% of Total<br/>Assets</b> | <b>Total</b>         |
|--------------------------|------------------------------|----------------------|
| Aaa/AAA                  | 1.67%                        | \$ 510,193           |
| Aa/AA                    | 3.74%                        | 1,144,028            |
| A/A                      | 25.22%                       | 7,720,263            |
| Baa/BBB                  | 25.77%                       | 7,888,812            |
| Below Investment Grade   | 5.32%                        | 1 629,465            |
| <b>Total Rated</b>       | <b>61.72%</b>                | <b>18,892,761</b>    |
| Government Backed        | 0.02%                        | 5,218                |
| Corporate Stocks         | 31.32%                       | 9,587,507            |
| Preferred Stocks         | 1.98%                        | 607,365              |
| Mutual Funds             | 1.31%                        | 400,155              |
| Corporate Bonds          | 0%                           | 0                    |
| Limited Partnerships     | 3.32%                        | 1,018,338            |
| Municipals               | 0.33%                        | 100,194              |
| <b>Total Non-Rated</b>   | <b>38.28%</b>                | <b>11,718,777</b>    |
| <b>Total Investments</b> | <b>100.00%</b>               | <b>\$ 30,611,538</b> |

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 3 - INVESTMENTS** (Concluded)

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

There is no custodial credit risk exposure for the Foundation. All investments are insured, registered, or held in the Foundation’s name by the custodial bank as an agent for the Foundation.

**Concentration of Credit Risk** – Concentration of credit risk is the risk associated with a lack of diversification by having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The Foundation’s investment policy with respect to concentration of credit risk as it relates to fixed-income securities is to limit investment in any one issue to no more than 5% of the value of the entire portfolio. Currently, there are no single issues representing more than 2% of total portfolio value.

**Interest Rate Risk** – Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations.

The durations for the portfolio at December 31, 2014, are as follows:

| <u>Maturity in Years</u> | <u>% of Total<br/>Assets</u> | <u>Total</u>         |
|--------------------------|------------------------------|----------------------|
| Less than 1              | 4.80%                        | \$ 1,467,836         |
| 1 to 2                   | 6.22%                        | 1,902,987            |
| 3 to 5                   | 14.69%                       | 4,496,024            |
| 6 to 10                  | 9.77%                        | 2,990,111            |
| 11 to 15                 | 13.86%                       | 4,242,501            |
| 16 to 20                 | 6.96%                        | 2,131,915            |
| 20 Plus                  | 4.24%                        | 1,296,759            |
| None                     | 39.46%                       | 12,083,405           |
|                          | <u>100.00%</u>               | <u>\$ 30,611,538</u> |

One of the ways the Foundation manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by assuring that cash flows from fixed-income investments are sufficient to meet the cash flow and liquidity needed for scholarship and program enhancement commitments. This is consistent with the Foundation’s policy of buying and holding fixed-income securities until maturity.

The Foundation uses the moving average method of determining year to year spending in order to smooth distributions from the aggregate portfolio. This policy serves two purposes. First, it provides for more consistent and predictable spending for the programs supported by the Foundation. Second, it allows the Foundation to design an investment strategy that is more consistent with a higher expected average return over time than might be the case if spending were determined by annual investment performance.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 4 – CAPITAL ASSETS**

Property, equipment, and art collection consists of the following:

|   | <b>Balance<br/>January 1,<br/>2014</b> | <b>Additions</b>    | <b>Disposals</b> | <b>Balance<br/>December 31,<br/>2014</b> |
|---|--|---------------------|------------------|--|
| <b>Property, Plant and Equipment</b>                                |  |                     |                  |  |
| Capital Assets:   |  |                     |                  |  |
| Buildings and Improvements  | \$ 11,926,118                          | \$ 6,400            | \$ 0             | \$ 11,932,518                            |
|   | 11,926,118                             | 6,400               | 0                | 11,932,518                               |
| Capitalized Film Costs in   |  |                     |                  |  |
| Production  | 961,992                                | 0                   | 0                | 961,992                                  |
| Non-Depreciable Assets:   |  |                     |                  |  |
| Land  | 3,622,393                              | 0                   | 0                | 3,622,393                                |
| Art Collection  | 473,393                                | 0                   | 0                | 473,393                                  |
| Equipment   | 4,375                                  | 0                   | 0                | 4,375                                    |
| <b>Total Capital Assets</b>   | <b>\$ 16,988,271</b>                   | <b>\$ 6,400</b>     | <b>\$ 0</b>      | <b>\$ 16,994,671</b>                     |
| <b>Less Accumulated Depreciation</b>                                |  |                     |                  |  |
| Building and Improvements   | 4,496,137                              | 298,154             | 0                | 4,794,291                                |
| Capitalized Film Costs  | 384,796                                | 96,199              | 0                | 480,995                                  |
| Total Accumulated Depreciation                                      | 4,880,933                              | 394,353             | 0                | 5,275,286                                |
| <b>Property, Plant and Equipment,<br/>Net</b>                       | <b>\$ 12,107,338</b>                   | <b>\$ (387,953)</b> | <b>\$ 0</b>      | <b>\$ 11,719,385</b>                     |
| <b>Property, Plant and Equipment,<br/>Held for Investment</b>       |  |                     |                  |  |
| Buildings and Improvements  | \$ 1,876,704                           | \$ 14,748           | \$ 0             | \$ 1,891,452                             |
| Land  | 191,500                                | 0                   | 0                | 191,500                                  |
| <b>Total Property, Plant and<br/>Equipment, Held for Investment</b> | <b>\$ 2,068,204</b>                    | <b>\$ 14,748</b>    | <b>\$ 0</b>      | <b>\$ 2,082,952</b>                      |
| <b>Total Property, Plant and<br/>Equipment, Net</b>                 | <b>\$ 14,175,542</b>                   | <b>\$ (373,205)</b> | <b>\$ 0</b>      | <b>\$ 13,802,337</b>                     |

Provision has been made for depreciation of buildings and equipment, not held for investment, at straight-line rates, based upon estimated useful lives ranging from 3 to 40 years. Buildings and improvements held in endowment accounts are recorded at fair market value, based on comparable sales in the market, as of December 31, 2014.

NOTES TO FINANCIAL STATEMENTS  
SANTA FE COLLEGE FOUNDATION, INC.  
GAINESVILLE, FLORIDA  
DECEMBER 31, 2014  
*(Continued)*

**NOTE 5 – CHARITABLE GIFT AND REMAINDER ANNUITY TRUSTS**

As of December 31, 2014, the Foundation holds a remainder interest in several Charitable Trusts and Gift Annuities. Under the terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 5% and 8% of the original principal of the Trust, for life or for a term of years, depending on the terms of the agreement.

The present value of the annuity payment liabilities at December 31, 2014, have 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 Annuity Trust Obligations.

The difference between the original Trust contribution and the present value of the annuity payment liability has been recorded as an endowed fund balance in accordance with the donor’s wishes.

**NOTE 6 – RESTRICTED NET POSITION**

With the implementation of GASB Statement No. 34 and No. 35, restricted revenues are recorded as revenue when received by the donor and segregated by net position classification. *Restricted net position* –includes all funds where the Foundation is legally or contractually obligated to spend the resources in accordance with restrictions imposed by the donor. The expense is recognized when incurred with a corresponding reduction in the net position restriction.

Restricted Net Position is classified for the following purposes at December 31, 2014:

|  |                         |
|--|-------------------------|
| Scholarships   | \$ 1,287,201            |
| Program Enhancement  | 852,995                 |
| Equipment  | 490,995                 |
| Capital Assets   | 1,096,206               |
| Remainder Trusts and Gift Annuities  | <u>(1,664,347)</u>      |
| <br>Total Restricted Net Position Before Adjustments<br>for Cumulative Unrealized Gains on Investments | <br>2,063,050           |
| <br>Cumulative Unrealized Gain on Investments  | <br><u>3,309,161</u>    |
| <br>Restricted Net Position  | <br><u>\$ 5,372,211</u> |

**NOTE 7 – MATCHING FUNDS PROGRAMS**

**Dr. Philip Benjamin Matching Grant Program** – Prior to 2008, the Foundation received matching funds from the Dr. Philip Benjamin Matching Grant Program. This program provided matching funds for every \$1.00 of private contributions received by the Foundation. The amount of matching funds received was dependent on the intended use of the private contributions. Under the guidelines of this program, the State provided \$1.00 in match for every dollar raised for scholarships. These scholarship funds may be endowed. Contributions received for the purchase of equipment or other program enhancements were matched \$0.67 for every private dollar raised and may be endowed or spent for the intended purpose.

In 2008 the D. Philip Benjamin Matching Program was suspended. To date there has been no indication from the legislature that it intends to match previously unmatched private contributions. The availability of matching funds is dependent on legislative funding each year. State matching funds will be recognized as revenue when received.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 7 – MATCHING FUNDS PROGRAMS (Concluded)**

**Ethics in Business Match Program** – The Foundation for Florida’s Community Colleges, Inc. provides 100% in matching funds for every private dollar contributed. Contributions and matching funds are not required to be endowed, but must be used for scholarships in business education. The Foundation did not receive any matching funds from this program in 2014.

**NOTE 8 - SCHOLARSHIP EXPENSE**

A summary of scholarship expense follows:

|   |    |        |
|---|----|--------|
| Alfred and Aggie Watson Scholarship                   | \$ | 66,995 |
| Charles L. Blount Scholarship                         |    | 66,513 |
| Brightenbroke Scholarship                             |    | 53,500 |
| Alachua County/Santa Fe College Minority Scholarship  |    | 50,590 |
| Sarasota Community Foundation Scholarship             |    | 40,000 |
| Santa Fe College Employees and Dependents Scholarship |    | 37,500 |
| Bussard Scholarship                                   |    | 31,450 |
| Alachua County Public Schools Scholarship             |    | 30,250 |
| Patricia Blount Scholarship                           |    | 30,102 |
| Pitchford Carroll Scholarship                         |    | 24,200 |
| Henry Beck Scholarship                                |    | 23,666 |
| Florida Blue Scholarship                              |    | 21,296 |
| Foundation Source Scholarship                         |    | 17,822 |
| Nursing Education Scholarship                         |    | 16,000 |
| Shands at AGH Scholarship                             |    | 13,936 |
| Helios First Generation Scholarship                   |    | 13,527 |
| Athletic Scholarship                                  |    | 12,000 |
| Roszel Trust - Scholarship Fund                       |    | 11,019 |
| Veterans Bridge Scholarship                           |    | 10,750 |
| Erich and Ellen Farber Scholarship                    |    | 9,916  |
| First Generation Scholarship                          |    | 9,835  |
| Pamphalon Foundation Scholarship                      |    | 8,750  |
| Guy and Elizabeth Andrews Scholarship                 |    | 8,250  |
| Career Service Book Scholarship                       |    | 8,000  |
| Orthopaedic Health Scholarship                        |    | 8,000  |
| Bradford County Andrews Minority Scholarship          |    | 7,456  |
| Gainesville Charitable Foundation                     |    | 6,000  |
| O'Steen Family Scholarship                            |    | 6,000  |
| Margaret Knapp Nursing Scholarship                    |    | 5,706  |
| Jeanne Johnson Scholarship                            |    | 5,666  |
| General Scholarship                                   |    | 5,583  |
| Altrusa of Gainesville Scholarship                    |    | 5,000  |
| Evelyn L. Wenzel Memorial Scholarship                 |    | 5,000  |
| Jeffrey Wershow Scholarship                           |    | 5,000  |
| Brashear Nursing and Health Related Scholarship       |    | 4,853  |
| Arts & Sciences Scholarship                           |    | 4,750  |

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 8 - SCHOLARSHIP EXPENSE** *(Continued)*

|   |          |
|---|----------|
| A. W. Fletcher Memorial Scholarship                 | \$ 4,750 |
| Faculty Professional Development Scholarship        | 4,725    |
| Florence Smith Nursing Scholarship                  | 4,559    |
| Bruce Walek Scholarship                             | 4,500    |
| Dream Makers Scholarship                            | 4,327    |
| J. W. Fordyce Scholarship                           | 4,000    |
| Nursing nad Health Technician Scholarship           | 4,000    |
| Shands at UF Health Related Scholarship             | 3,433    |
| Christa Hoyt Memorial Scholarship                   | 3,000    |
| James Moore Memorial Scholarship                    | 3,000    |
| Lamar E. Crevasse Scholarship                       | 3,000    |
| Mazdak Noorbakhsh Memorial Scholarship              | 3,000    |
| Perry Building Construction Scholarship             | 3,000    |
| Altrusa of Starke Scholarship                       | 2,750    |
| Leo Hury Scholarship                                | 2,603    |
| Roxanne Kelley Buehn Scholarship                    | 2,500    |
| Gilchrist County Educational Foundation Scholarship | 2,500    |
| Gilchrist County Health Related Scholarship         | 2,500    |
| HVAC Scholarship                                    | 2,500    |
| Jones/Johnson Scholarship                           | 2,500    |
| Lillian Stump Nursing/Health Related Scholarship    | 2,456    |
| Disney Animal Kingdom Scholarship                   | 2,332    |
| Margaret Clifton Scholarship                        | 2,000    |
| Frank Block Memorial Scholarship                    | 2,000    |
| Reeda Fullington CVT Scholarship                    | 2,000    |
| Gene Gerber Building Construction Scholarship       | 2,000    |
| James and Rena Swick Scholarship                    | 2,000    |
| Joanie Beth Langford Memorial Scholarship           | 2,000    |
| Danielle Kramer Music Scholarship                   | 2,000    |
| Laura Lopez Scholarship                             | 2,000    |
| Mallini Family Scholarship                          | 2,000    |
| Medical and Surgical Affiliates Scholarship         | 2,000    |
| Larry Noegel Memorial Scholarship                   | 2,000    |
| Jean Bronson Nursing Scholarship                    | 2,000    |
| Patricia Fabrick Scholarship                        | 2,000    |
| Plus One Scholarship                                | 2,000    |
| Becky Reddish Memorial Scholarship                  | 2,000    |
| Richardson Scholarship                              | 2,000    |
| Noah Jacob Rodkin Scholarship                       | 2,000    |
| BC Riherd Public Health Nursing Scholarship         | 1,916    |
| Hudson Family Scholarship                           | 1,853    |
| Bryan and Angela Nazworth Scholarship               | 1,853    |
| Automotive Technology Scholarship                   | 1,750    |

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 8 - SCHOLARSHIP EXPENSE** *(Concluded)*

|   |                   |
|---|-------------------|
| Kiwanis Club of Starke Scholarship              | \$ 1,750          |
| Starke Rotary Scholarship                       | 1,666             |
| J. Block Scholarship                            | 1,650             |
| C F E Educational Scholarship                   | 1,500             |
| Gilchrist County Endowed Scholarship            | 1,500             |
| AACT Scholarship                                | 1,250             |
| Charisma O'Connor Scholarship                   | 1,100             |
| Herron Health Care Scholarship                  | 1,100             |
| Phillip Baker Civitan Scholarship               | 1,100             |
| Irene Zimmerman Memorial Scholarship            | 1,100             |
| BC Education Foundation Scholarship             | 1,000             |
| S. Clark Butler Scholarship                     | 1,000             |
| Civitan/Col. R. James Glikes Scholarship        | 1,000             |
| Harry Dresser Scholarship                       | 1,000             |
| Fiona Gott Memorial Scholarship                 | 1,000             |
| Jack and Clara Hazen Scholarship                | 1,000             |
| Hitchcock Family Scholarship                    | 1,000             |
| Norman K. Jensen Scholarship                    | 1,000             |
| John Miller Scholarship                         | 1,000             |
| Retail Sales Associate Scholarship              | 1,000             |
| Freeman Register Scholarship                    | 1,000             |
| Knott Wershow Student Government Scholarship    | 1,000             |
| Taylor Asbel Memorial Scholarship               | 1,000             |
| Village Nursing Scholarship                     | 1,000             |
| Watson Youth Challenge Scholarship              | 1,000             |
| Thomas Plein Scholarship                        | 625               |
| Ester Porter Lane Memorial Scholarship          | 550               |
| Francis Watson Scholarship                      | 550               |
| Hung-sen Wu Memorial Scholarship                | 550               |
| Morgan Nursing Scholarship                      | 550               |
| Nicolas Gonzales Scholarship                    | 550               |
| Patricia and Medford Connelly Scholarship       | 550               |
| Archer Community School Educational Enhancement | 500               |
| CPCU Society Business Scholarship               | 500               |
| Newberry Garden Club Scholarship                | 500               |
| Amber Peck and John Parker Scholarship          | 500               |
| Shands at Starke Auxiliary Scholarship          | 500               |
| Books for Students                              | 249               |
|   | <hr/>             |
| Total Scholarship Expense                       | <u>\$ 833,578</u> |

These amounts are paid to the College for the benefit of students attending the College.

NOTES TO FINANCIAL STATEMENTS  
SANTA FE COLLEGE FOUNDATION, INC.  
GAINESVILLE, FLORIDA  
DECEMBER 31, 2014  
*(Continued)*

**NOTE 9 – CONTRACT, GRANT, AND PROGRAM EXPENSES**

Program expenses consist of the following:

|   |    |        |
|---|----|--------|
| Pinkoson Gift Zoo Enhancement               | \$ | 99,023 |
| Zoo Enhancement Fund                        |    | 77,040 |
| Warehouse Property                          |    | 50,047 |
| Chesborough Warehouse Property              |    | 31,770 |
| Spring Arts House-Grant/Matching            |    | 25,898 |
| Watson Scholarship Fund                     |    | 25,729 |
| Alachua County Public Schools Foundation    |    | 24,269 |
| Santa Fe College Nursing and Equipment Fund |    | 21,865 |
| Spring Arts House-Operating Exp.            |    | 20,994 |
| Fine Arts Fund                              |    | 20,424 |
| Santa Fe College Employee and Dependents    |    | 15,124 |
| Blount Automotive Equipment Fund            |    | 14,839 |
| Zoo Equipment Fund                          |    | 13,769 |
| Zoo Project (Donations)                     |    | 13,521 |
| Downtown Center - III                       |    | 12,540 |
| Fine Arts Enhancement Fund                  |    | 11,483 |
| Davis Center                                |    | 11,100 |
| Industrial Technology Program               |    | 9,920  |
| Athletic Program Account                    |    | 8,424  |
| Displaced Homemaker Program                 |    | 8,000  |
| President's Expense Reimburse               |    | 6,415  |
| Institute of Public Safety                  |    | 5,195  |
| Hot Rodding for Heroes                      |    | 3,188  |
| Fine Arts Take-A-Seat                       |    | 2,895  |
| Miscellaneous Program Expense               |    | 2,500  |
| Andrews Center Trust                        |    | 2,310  |
| Athletic Enhancement Fund                   |    | 2,308  |
| CROP Program Account                        |    | 1,863  |
| Art Gallery                                 |    | 1,800  |
| Herschel Elliott Scholarship                |    | 1,625  |
| Dental Instructional Equipment Fund         |    | 1,487  |
| Women of Distinction                        |    | 1,460  |
| Reeb Scholarship                            |    | 1,292  |
| Phi Theta Kappa Book Stipend                |    | 1,250  |
| Spring Arts Festival                        |    | 1,150  |
| Math Department                             |    | 1,075  |
| Special Unrestricted                        |    | 1,064  |
| Andrews Library (FAIT)                      |    | 950    |
| Business Programs Fund                      |    | 902    |
| Student Affairs Emergency Fund              |    | 850    |
| General Scholarship                         |    | 365    |
| Bradford Co. Historical Museum              |    | 320    |
| Library Program Enhancement                 |    | 250    |

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Continued)*

**NOTE 9 - CONTRACT, GRANT, AND PROGRAM EXPENSES (Concluded)**

|                               |                       |
|-------------------------------|-----------------------|
| Spring Arts House             | \$ 198                |
| Career Placement Day          | 197                   |
| Building Construction Program | 178                   |
| Watson Facilities Maintenance | 159                   |
| Showcase Santa Fe Events      | 150                   |
| Henry Beck Scholarship        | <u>140</u>            |
| <br>Total Program Expense     | <br><u>\$ 559,315</u> |

**NOTE 10 – MAJOR GIFT CAMPAIGNS**

From time to time, the Foundation conducts major gift campaigns to raise funds for scholarships, program enhancement, and the construction of buildings to be used by the College. In many cases these campaigns result in pledges for contributions to be made over several years.

These pledges are structured as voluntary non-exchange transactions and cannot be recognized until the eligibility requirements are met per GASB No. 34. Therefore, pledges related to these campaigns are not recorded on the financial statements until the funds are received.

**NOTE 11 - INTER FUND BALANCES AND TRANSFERS**

Inter fund balances at December 31, 2014, were as follows:

| <u>Receivable Fund</u>               | <u>Payable Fund</u>         | <u>Amount</u>     |
|--------------------------------------|-----------------------------|-------------------|
| Operating Fund Restricted Expendable | Operating Fund Unrestricted | \$ 734,653        |
| Endowment Funds                      | General Plant Fund          | <u>200,000</u>    |
| Total                                |                             | <u>\$ 934,653</u> |

Transfers between funds are initiated to repay inter fund loans, to increase endowed fund balances, and to reclassify fund balance amounts as the nature and purpose of those amounts are redefined. Transfers for the year ended December 31, 2014, were as follows:

**Schedule of Net Transfers:**

| <u>Fund Receiving Transfer</u> | <u>Amount</u>            | <u>Fund Sending Transfer</u>         |
|--------------------------------|--------------------------|--------------------------------------|
| Endowment Funds                | \$ 432,489               | Operating Fund Restricted Expendable |
|                                | <u>39,982</u>            | Operating Fund Unrestricted          |
| Total Endowment Funds          | 472,471                  |                                      |
| General Plant Fund             | <u>2,900</u>             | Operating Fund Unrestricted          |
| <b>Total Net Transfers</b>     | <b><u>\$ 475,371</u></b> |                                      |

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Foundation did not enter into any significant related party transactions in 2014.

**NOTES TO FINANCIAL STATEMENTS**  
**SANTA FE COLLEGE FOUNDATION, INC.**  
**GAINESVILLE, FLORIDA**  
**DECEMBER 31, 2014**  
*(Concluded)*

**NOTE 13 – LEASES**

The Foundation leases certain properties to the College to operate as Educational Centers throughout its service district. These facilities are leased to the College for one dollar per year on a 40-year “rolling” lease. The terms of the leases are designed to meet the criteria for State of Florida funding of the various Centers.

**NOTE 14 – 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 carries commercial insurance. There have been no losses in excess of coverage in the last three years. Insurance against losses are provided for the following types of risk:

- Commercial Liability
- Real and Personal Property Damage
- Directors and Officers Liability

**NOTE 15 – CONTINGENCIES**

The Foundation is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. It is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the Foundation.

**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  
Santa Fe College Foundation, Inc.  
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Santa Fe College Foundation, Inc. (the Foundation), which comprise the statement of net position as of December 31, 2014, and the related statements of revenues, expenses, and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such as 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
Santa Fe College Foundation, Inc.  
Gainesville, Florida

**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*  
(*Concluded*)**

**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 the *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.

*Purvis, Gray and Company, LLP*

May 11, 2015  
Gainesville, Florida