

St. Petersburg College Foundation, Inc.
A Component Unit of St. Petersburg College

Financial Statements
and Supplementary Information

March 31, 2016 and 2015

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Independent Auditor's Report

Board of Directors
St. Petersburg College Foundation, Inc.
St. Petersburg, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of St. Petersburg College Foundation, Inc. (a component unit of St. Petersburg College) as of and for the years ended March 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise St. Petersburg College Foundation, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of St. Petersburg College Foundation, Inc. as of March 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

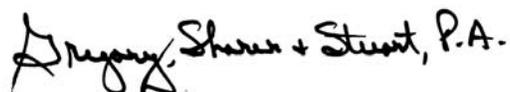
Other Unaudited Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise St. Petersburg College Foundation, Inc.'s basic financial statements. The Unaudited Schedule of Collections for 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is marked "unaudited" and has not been subjected to the auditing procedures applied in the audits of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2016 on our consideration of St. Petersburg College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 St. Petersburg College Foundation, Inc.'s internal control over financial reporting and compliance.

Gregory, Sharer & Stuart, P.A.



St. Petersburg, Florida
July 11, 2016

Management's Discussion and Analysis

St. Petersburg College Foundation, Inc.
A Component Unit of St. Petersburg College
Management's Discussion and Analysis
March 31, 2016 and 2015

The management of St. Petersburg College Foundation, Inc. (Foundation) presents the following Management's Discussion and Analysis (MD&A) narrative overview and analysis of the financial activities of the Foundation for the year ended March 31, 2016, with comparative information for the years ended March 31, 2015 and 2014. The purpose of this discussion is to enable the reader to identify and understand the significant issues and changes in the financial condition of the Foundation. The information presented here should be read in conjunction with the accompanying audited financial statements and footnotes, which begin on page 11. The financial statements, footnotes, and this MD&A were prepared by management and are the responsibility of management.

The Foundation is a component unit of St. Petersburg College (College).

Financial Highlights

Overview

In the year ended March 31, 2016, the overall state of the economy continued to improve, along with improvements in charitable giving. Foundation investments however, reported losses caused by the challenges of the financial markets over the past year. During the year ended March 31, 2016, the Foundation's investment portfolio earned a negative 6% return, net of fees, compared to a positive return of 8% and 19% in the previous two years. Overall, the Foundation's net position, which represents the excess of total assets over liabilities, decreased by \$4.06 million or 6.5% to \$57.49 million as of March 31, 2016, primarily the result of negative investment returns.

The Foundation's revenue in the form of donor contributions totaled \$2.62 million during the year ended March 31, 2016, a 15% increase as compared to a 14% increase in 2015. This is indicative of a continued rebound in the economy with respect to charitable giving. However, the Foundation supported campus needs during the year ended March 31, 2016 in the form of scholarships and grants to the College in the amounts of \$1.65 million and \$1.29 million, respectively. Scholarships awarded increased from \$1.59 million in the year ended March 31, 2015 to \$1.65 million for the year ended March 31, 2016. This support of the College, combined with other operating expenses and donor contributions, resulted in an operating loss of \$1.21 million for the year ended March 31, 2016 as compared to an operating loss of \$1.51 million for the year ended March 31, 2015. Due to negative investment returns in the year ended March 31, 2016, the Foundation had nonoperating losses of \$3.09 million. Other income, primarily in the form of additions to permanent endowments, totaled \$239,130 for the year ended March 31, 2016.

The Foundation expects fluctuations in contribution revenue as well as investment results from year-to-year. Very significant contributions may be periodically received from donors as a result of relationships cultivated over many years. The timing of these contributions is not entirely predictable, and often will correlate with a campus initiative. Likewise, the Foundation manages the endowment portfolio with a long-term philosophy of capital appreciation; single year fluctuations are normal and expected.

Presentation

The Foundation presents its financial report in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), which focuses the reader of the financial reports on an organization's overall financial condition and change in net position and cash flows taken as a whole.

St. Petersburg College Foundation, Inc.
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March 31, 2016 and 2015

Condensed Schedule of Net Position

	March 31, 2016	Change		March 31, 2015	Change		March 31, 2014
Assets							
Current assets	\$30,304,486	\$ (3,044,729)	(9)%	\$33,349,215	\$ 1,906,128	6%	\$31,443,087
Noncurrent assets	27,187,058	(1,011,841)	(4)%	28,198,899	298,837	1%	27,900,062
Total assets	<u>\$57,491,544</u>	<u>\$ (4,056,570)</u>	(7)%	<u>\$61,548,114</u>	<u>\$ 2,204,965</u>	4%	<u>\$59,343,149</u>
Net position							
Restricted							
Expendable	28,967,341	(3,557,816)	(11)%	32,525,157	1,596,144	5%	30,929,013
Nonexpendable	26,660,356	(770,277)	(3)%	27,430,633	330,180	1%	27,100,453
Unrestricted	1,863,847	271,523	17%	1,592,324	278,641	21%	1,313,683
Total net position	<u>57,491,544</u>	<u>(4,056,570)</u>	(7)%	<u>61,548,114</u>	<u>2,204,965</u>	4%	<u>59,343,149</u>
Total liabilities and net position	<u>\$57,491,544</u>	<u>\$ (4,056,570)</u>	(7)%	<u>\$61,548,114</u>	<u>\$ 2,204,965</u>	4%	<u>\$59,343,149</u>

The Statement of Net Position includes all assets and liabilities of the Foundation. Net position serves as a useful indicator of an organization's financial health over time. Particular aspects of the Foundation's financial operations influenced the decrease in net position for the year ended March 31, 2016.

The Condensed Schedule of Net Position shows the assets, liabilities, and net position as of March 31, 2016, 2015, and 2014. Current assets of the Foundation consist primarily of cash and cash equivalents and investments. Current assets decreased \$3.04 million or 9% during 2016 and increased \$1.91 million or 6% during 2015. A major component of this decrease is attributable to the financial market's losses, particularly the realized and unrealized losses on investments for the fiscal years.

Noncurrent assets consist primarily of endowment investments, remainder interest in trusts and estates, and other assets held for sale. Noncurrent assets decreased 4% to \$27.19 million from the prior year of \$28.20 million. A decrease in the value of the remainder interest in trusts and estates at year-end as well as a reclassification of the Schafer Endowment are the primary reasons for the decrease in value from the prior year.

Current liabilities remain unchanged from the prior year with no liabilities recorded for either 2016 or 2015.

St. Petersburg College Foundation, Inc.
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Condensed Schedule of Revenues, Expenses, and Change In Net Position

	Year Ended March 31, 2016	Change		Year Ended March 31, 2015	Change		Year Ended March 31, 2014
Operating revenue and expenses							
Contributions	\$ 2,622,574	\$ 337,589	15%	\$ 2,284,985	\$ 275,084	14%	\$ 2,009,901
Operating expenses	3,829,580	32,518	1%	3,797,062	499,942	15%	3,297,120
Operating loss	(1,207,006)	305,071	(20%)	(1,512,077)	(224,858)	17%	(1,287,219)
Nonoperating (losses) revenues	(3,088,694)	(6,475,556)	(191%)	3,386,862	(4,211,052)	(55%)	7,597,914
Additions to permanent endowments	239,130	(91,050)	(28%)	330,180	(309,558)	(48%)	639,738
Change in net position	(4,056,570)	(6,261,535)	(284%)	2,204,965	(4,745,468)	(68%)	6,950,433
Net position, beginning of year	61,548,114	2,204,965	4%	59,343,149	6,950,433	13%	52,392,716
Net position, end of year	\$57,491,544	\$ (4,056,570)	(7)%	\$61,548,114	\$ 2,204,965	4%	\$59,343,149

The Statement of Revenues, Expenses, and Change in Net Position reports revenues earned and expenses incurred during the year as either operating, nonoperating, or additions to permanent endowments. Incoming gifts to the Foundation and grants made to the College are reported as operating revenue and expenses, respectively, and investment results are reported as nonoperating income or expense.

The Condensed Schedule of Revenues, Expenses, and Change in Net Position reflects operating and nonoperating revenue and expense and additions to permanent endowments for the years ended March 31, 2016, 2015, and 2014. The net operating loss was \$1.21 million for the year ended March 31, 2016 compared to \$1.51 million for the year ended March 31, 2015 and \$1.29 million for the year ended March 31, 2014.

During the year ended March 31, 2016, operating revenue included \$2.62 million in contributions, an increase of 15% compared to the year ended March 31, 2015, which increased \$275,084 or 14% from the year ended March 31, 2014. The increase is attributable to increase in donor contributions most likely caused by improved financial conditions of the past fiscal year. Contributions result from both long-term donor cultivation and specific appeals for immediate needs, and are not entirely predictable.

Operating expenses were \$3.83 million during the year ended March 31, 2016, an increase of \$32,518 or 1% compared to the year ended March 31, 2015. Operating expenses increased by \$499,942 or 15% during the year ended March 31, 2015. A significant component of operating expenses is grants made by the Foundation to the College in response to requests for use of funds by the intended campus beneficiaries. These grants are made for purposes that comply with donor restrictions placed on contributions in support of many College programs and needs, including construction of new buildings, student aid, and faculty and general departmental support. The timing of grants to the College typically lags the timing of the incoming contribution revenue and endowed payouts. The lag can be a short time period or several years. A longer lag will occur if expendable gifts or endowed payout is purposefully accumulating to allow the benefiting campus to cover a cost that will require the use of several years of gifts or payouts. Changes in the amounts of grants made to the College annually occur in relation to College needs for use of the funds or the timing of expenditures made on capital projects funded by contributions. Due to these factors, and similar to fiscal years ended March 31, 2015 and 2014, in fiscal year ended March 31, 2016 scholarships and grants made to the College exceeded contribution revenue, resulting in operating losses in these years.

Nonoperating revenues include net investment income and net appreciation or depreciation of investments for unrestricted and restricted - expendable funds. Nonoperating (losses) revenues for the year ended March 31, 2016 reflect a decrease of \$6.48 million or 191% less than the year ended March 31, 2015. This decrease is due primarily to lower investment returns compared to the prior year. Nonoperating revenues for the year ended March 31, 2015 reflect a decrease of \$4.21 million or 55% less than the year ended March 31, 2014.

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A Component Unit of St. Petersburg College
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Endowed gifts and related earnings provided an additional \$239,130 to the net position of the Foundation during the year ended March 31, 2016 compared to \$330,180 during the year ended March 31, 2015. Increasing the gifts to and the value of the endowment is of significant importance to the Foundation. The size of the endowment relates directly with providing permanent resources for the benefit of the College and its students.

Factors Impacting Future Periods

Factors that can significantly impact future periods always include the state of financial markets and the state of the overall economy. These factors affect the value of investments and can impact charitable giving. The Board of Directors continues to monitor the status of the economy, its direct impact on overall giving, and the investment pool.

St. Petersburg College is experiencing declines in support from the state of Florida. Accordingly, private support is an increasingly important component of revenue to the various campuses. The Foundation anticipates a higher rate of use of Foundation held funds in the future in the form of grants to the campuses as a result of decreased resources provided by the state.

Management is not aware of any factors within management's control that would have a significant impact on future periods.

Using the Information in the Financial Report

The Foundation's financial statements are immediately following this discussion and analysis.

This annual report consists of a series of financial statements prepared in accordance with pronouncements issued by the Governmental Accounting Standard Board. These statements focus the reader of the financial reports on the Foundation's overall financial condition, and change in net position and cash flows, taken as a whole.

One of the most important questions asked about the Foundation's finances is whether the Foundation is better off or worse off as a result of the year's activities. The keys to understanding this question are the Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The Foundation's net position (the difference between assets and liabilities) is one indicator of the Foundation's financial health when considered in combination with other nonfinancial information.

The Statement of Net Position reports assets, liabilities, and net position as of March 31, 2016 and 2015. The balances are a reflection of activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the Statement of Revenues, Expenses, and Change in Net Position. The balances are presented as either current (expected to be realized in 12 months) or noncurrent in nature.

The Statement of Revenues, Expenses, and Change in Net Position presents the results of operations for the years ended March 31, 2016 and 2015. Activities are reported as operating, nonoperating, or additions to permanent endowments. Non-endowed gifts are reported as operating revenue and investment results are reported as either nonoperating revenue or additions to permanent endowments. Both the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position are prepared using the accrual basis of accounting.

The remaining required statement is the Statement of Cash Flows showing the sources and uses of funds; in essence, accounting for the change in cash and cash equivalents balances for the reporting period.

The notes to the financial statements provide additional information and more detail that is essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Basic Financial Statements

St. Petersburg College Foundation, Inc.
A Component Unit of St. Petersburg College
Statements of Net Position

	March 31,	
	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,084,345	\$ 1,133,457
Investments	29,220,141	32,212,747
Due from St. Petersburg College	-	3,011
Total current assets	<u>30,304,486</u>	<u>33,349,215</u>
Noncurrent assets		
Remainder interest in trusts and estates	1,069,623	1,072,056
Endowment investments	26,080,685	27,090,093
Other assets held for sale	36,750	36,750
Total noncurrent assets	<u>27,187,058</u>	<u>28,198,899</u>
Total assets	<u><u>\$ 57,491,544</u></u>	<u><u>\$ 61,548,114</u></u>
 Liabilities and net position		
Net position		
Restricted		
Expendable	28,967,341	32,525,157
Nonexpendable	26,660,356	27,430,633
Unrestricted	1,863,847	1,592,324
Total net position	<u>57,491,544</u>	<u>61,548,114</u>
Total liabilities and net position	<u><u>\$ 57,491,544</u></u>	<u><u>\$ 61,548,114</u></u>

St. Petersburg College Foundation, Inc.
A Component Unit of St. Petersburg College
Statements of Revenues, Expenses, and Change in Net Position

	Year Ended March 31,	
	<u>2016</u>	<u>2015</u>
Operating revenue		
Contributions	\$ 2,622,574	\$ 2,284,985
Operating expenses		
Program services		
Scholarships	1,648,108	1,593,285
Grants to St. Petersburg College	1,284,873	1,312,573
Forums and events	39,158	48,535
	<u>2,972,139</u>	<u>2,954,393</u>
Administrative		
Personnel services	315,195	344,139
Other	80,699	85,779
	<u>395,894</u>	<u>429,918</u>
Fundraising		
Personnel services	315,195	344,139
Development	110,188	19,739
Other	36,164	48,873
	<u>461,547</u>	<u>412,751</u>
Total operating expenses	<u>3,829,580</u>	<u>3,797,062</u>
Operating loss	(1,207,006)	(1,512,077)
Nonoperating (losses) revenues		
Investment income, net of fees	594,368	542,145
Net (depreciation) appreciation of investments	(3,680,629)	2,974,836
Change in value of split interest agreements	(2,433)	(130,119)
Total nonoperating (losses) revenues	<u>(3,088,694)</u>	<u>3,386,862</u>
(Loss) income before additions to permanent endowments	(4,295,700)	1,874,785
Additions to permanent endowments		
Contributions	245,089	321,595
Investments income, net of fees	2,252	2,126
Net appreciation of investments	(8,211)	6,459
Total additions to permanent endowments	<u>239,130</u>	<u>330,180</u>
Change in net position	(4,056,570)	2,204,965
Net position at beginning of year	<u>61,548,114</u>	<u>59,343,149</u>
Net position at end of year	<u>\$ 57,491,544</u>	<u>\$ 61,548,114</u>

St. Petersburg College Foundation, Inc.
A Component Unit of St. Petersburg College
Statements of Cash Flows

	Year Ended March 31,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Gifts received from donors and grantors	\$ 1,510,269	\$ 1,114,811
Payments to vendors	(161,938)	(75,033)
Payments for scholarships	(1,648,108)	(1,593,285)
Payments for programs	(1,324,031)	(1,361,108)
Net cash used by operating activities	<u>(1,623,808)</u>	<u>(1,914,615)</u>
Cash flows from noncapital financing activities		
Endowment contributions received	245,089	321,595
Cash flows from investing activities		
Proceeds from sale of investments	3,841,667	2,199,331
Purchase of investments	(2,512,060)	(483,512)
Net cash provided by investing activities	<u>1,329,607</u>	<u>1,715,819</u>
Net change in cash and cash equivalents	(49,112)	122,799
Cash and cash equivalents at beginning of year	<u>1,133,457</u>	<u>1,010,658</u>
Cash and cash equivalents at end of year	<u>\$ 1,084,345</u>	<u>\$ 1,133,457</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (1,207,006)	\$ (1,512,077)
Adjustments to reconcile operating loss to net cash used by operating activities		
Foundation fee	(416,802)	(421,038)
Changes in operating assets and liabilities		
Other assets	-	18,500
Net cash used by operating activities	<u>\$ (1,623,808)</u>	<u>\$ (1,914,615)</u>

Note A - Organization

St. Petersburg College Foundation, Inc. (Foundation) is a Florida nonprofit corporation. The Foundation was formed in September 1980 and is governed by a 22-member board of directors. The primary purposes of the Foundation are to be a community advocate for St. Petersburg College (College) and to encourage charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts donations to enhance the College's many and varied teaching and public service programs, as well as to support capital projects and other related College improvements.

St. Petersburg College provides the resources necessary to cover the costs of the operation and administration of the Foundation's activities, including personnel, facilities, and administration. The Foundation's primary expenditures are related to providing scholarships to students attending St. Petersburg College and grants made to the College in support of campus needs, in compliance with donor restrictions on gifts.

The Foundation is a direct support organization of the College and its financial statements are presented in the College's financial statements as a component unit.

Note B - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is presented below:

Basis of Accounting

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule, the effects of interfund activities have been eliminated from the Foundation's financial statements.

The Foundation reports as an entity engaged in one business-type activity.

Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets to be current if, as part of its normal business operations, they are held as or can be converted to cash and be available for operating needs or payments of current liabilities within 12 months of the Statement of Net Position date. Similarly, liabilities are considered to be current if they can be expected, as part of the normal Foundation business operations, to be due and paid within 12 months of the Statement of Net Position date. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents

The Foundation's cash and cash equivalents consist of cash in banks, money market accounts, and cash held in investment accounts, which are used to deposit Foundation contribution receipts and make transfers to the College to expend in accordance with donor restrictions.

Investments

Investments are carried at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations. In the case of pooled funds or mutual funds, the fair value is determined by multiplying the number of units held in the pool by the prices per unit share as quoted by the broker and/or investment manager. The net change in the fair value of investments consists of both realized and unrealized gains and losses on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

Remainder Interest in Trusts and Estates

The Foundation recognizes an asset and revenue on remainder interest in trusts and estates when it receives notification of an irrevocable interest in one of those types of contributions. When management expects the cash from the contributions to be received more than one year in the future, the asset and revenue are discounted for the time value of money (net present value) at a discount rate of 2%. These are part of the restricted – expendable and non-expendable net position because the Foundation does not have access to the assets until the assets are released from probate or after the donor's death.

The Foundation recorded its interests in the remainder interest in trusts and estates as a restricted expendable, or nonexpendable contribution (dependent upon the donors' restrictions) at fair value in the period the gift was received. Subsequent changes in the fair value of the remainder interest in trusts and estates are recognized as change in value of split interest agreements. The Foundation measures remainder interest in trusts and estates at fair value on a recurring basis based on statements from the donors.

Other Assets Held for Sale

These are assets that have been donated and have been recognized at fair value. The donor has specified that the item be sold and the majority of the proceeds are to be used for specific purposes as designated by the donor. These are part of the restricted – expendable net position. During the year ended March 31, 2015, certain of these assets consisting of artwork were removed from the statement of net position and added to the Foundation's schedule of collections.

Property and Equipment

Property and equipment in excess of \$5,000 with an estimated life in excess of one year are capitalized. Donated property used by the Foundation is recorded at fair value on the date contributed. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. When appropriate, depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Collections

Collections donated to the Foundation are not capitalized on the Statement of Net Position. It is the policy of the Foundation not to purchase any collections. The Foundation has received gifts of donated art objects, microfilm, and microfiche that will be held for educational purposes. The donor agreements for the art objects require that the artwork be stored or displayed in perpetuity in a museum.

St. Petersburg College Foundation, Inc.
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Collections are held for exhibition to the public and for education purposes, not for financial gain. Collections are appropriately protected, cared for, and preserved in order to maintain the cultural, aesthetic, and historical value of the collections perpetually. See Note D and the Unaudited Schedule of Collections.

Net Position

The Foundation's net position is classified into the following net asset categories:

Restricted - nonexpendable: Assets subject to externally imposed conditions that the Foundation will retain in perpetuity. This classification of net position represents the net corpus of true donor-restricted endowed funds. To the extent that the market value of a fund is below its historical cost (corpus), the difference is recorded as restricted - expendable in the Statement of Net Position.

Restricted - expendable: Assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time. These assets may include accumulated appreciation on the endowment funds, accumulated endowment spending allocations, and restricted expendable funds.

Unrestricted: All other categories.

Endowments - Endowment Spending Policy

The Foundation's endowed funds are managed in an investment pool in accordance with the Foundation's Board approved Investment Policy Guidelines and the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The FUPMIFA provides statutory guidance for management, investment, and expenditure of endowed funds. Investment decisions are based on a long-term investment strategy intended to preserve the investment capital and its purchasing power, meet payout requirements, and maximize the endowment portfolio's long-term total return. At March 31, 2016, the Foundation's endowment portfolio target mix was 65% invested in equity, 30% in fixed income holdings, and 5% in alternative investments with further refinement regarding the types of positions held within those general classes. The Foundation, through its Finance and Investment Advisory Committee, continues to monitor and review the investment policy and asset mix to enhance the long-term performance of the endowment investments. The endowment earned a total negative return of 6% for the year ended March 31, 2016, net of investment fees.

The Foundation's Finance and Investment Advisory Committee establishes the endowment payout rate annually, giving prudent consideration to asset allocation, expected returns, future capital market assumptions, inflation and other market conditions and the expendable income needs of the endowment fund holders. The rate for fiscal year ended March 31, 2016 was 4.5%. Endowment payout is calculated by multiplying the payout rate by the market value at the end of the fiscal year on accounts held less than five years or by the five-year average fair value for all other accounts. For endowed funds with a fair value that is less than historical cost (corpus), referred to as "underwater funds", payout is not limited to actual cash income earned under the FUPMIFA. The FUPMIFA allows for the expenditure of the endowment fund as the governing board determines to be prudent for the uses and purposes of which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund without regard to the source of the payout.

Classification of Revenues and Expenses

The Foundation considers operating revenue and expenses in the Statement of Revenues, Expenses, and Change in Net Position to be revenue and expenses that result from activities that are connected directly to the Foundation's primary functions. Such transactions include grants the Foundation makes to the College. The Foundation has no revenue from exchange transactions that would be considered operating revenue. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 34. These nonoperating activities include the Foundation's noncapital financing activities and net investment income.

Contributions and Pledges

Contributions that are restricted by the donor are reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net position restricted - expendable or nonexpendable depending on the nature of the restriction. When a restriction expires, net position restricted - expendable are reclassified to unrestricted net position.

Investment income and net realized and unrealized gains or losses on restricted contributions are recorded as increases or decreases to net position restricted - expendable or nonexpendable, in accordance with donor stipulations.

Unconditional promises to give the Foundation cash or other assets in the future are recorded as contribution revenue and pledges receivable. If management expects the cash from the pledges receivable to be received more than one year in the future, the contributions revenue and pledges receivable are discounted for the time value of money.

Donated Items

The value of donated securities, materials, services, small equipment, land, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods received at the time of the donation.

Employees of the College operate the Foundation. The College also provides office space for the Foundation, as well as other miscellaneous supplies and services. These items are all recognized as in-kind contribution revenue and expense.

Foundation Fee

The Foundation assesses an administrative fee on all funds maintained to cover expenses associated with the management of those assets over time. The fee is calculated quarterly and is deducted from the interest and dividend revenues of the individual funds. The fee was 0.75% for the years ended March 31, 2016 and 2015.

Expenses

The operating expenses of the Foundation are allocated to two different functional categories based on management's estimate of the time and expense spent for each of the functions. These functions are defined as follows:

Administration - The costs of operating the Foundation offices, including gathering, processing, and maintaining financial and legal information.

Fundraising - The costs associated with the direct solicitation of contributions to the Foundation.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Foundation's policy is to apply restricted resources first.

Scholarship and Program Expenses

Scholarship and program expenses paid to the College are recognized as expenses and liabilities when commitment to pay the scholarship and program expenses is made, not when cash is paid.

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Income Taxes

The Foundation is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Foundation is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

For the year ended March 31, 2016, management evaluated subsequent events for potential recognition and disclosure through July 11, 2016, the date the financial statements were available to be issued. Management determined there are no subsequent events to disclose.

Note C - Cash, Cash Equivalents, and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, (GASB 40) the Foundation's investments are reported by investment type at fair value in the table below. GASB 40 also requires the disclosure of various types of investment risk based on the type of investment, as well as stated policies adopted by the Foundation to manage those risks.

Cash, cash equivalents, and investments consist of the following as of March 31:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		
Commercial banks	\$ 380,428	\$ 220,534
Money market funds	703,917	912,923
Total cash and cash equivalents	<u>1,084,345</u>	1,133,457
Investments		
U.S. government obligations	1,260,497	1,077,789
Federal agency obligations	2,487,688	2,020,758
Bonds and notes	6,152,319	6,474,905
Stocks and other equity securities	38,201,062	40,796,638
Mutual funds	4,948,441	7,295,848
Real estate investment trusts	597,025	611,122
Alternative investments	1,653,794	1,025,780
Total investments	<u>55,300,826</u>	59,302,840
Total cash, cash equivalents, and investments	<u>\$ 56,385,171</u>	\$ 60,436,297
Current - cash and cash equivalents	\$ 1,084,345	\$ 1,133,457
Current - investments	29,220,141	32,212,747
Noncurrent - endowed investments	26,080,685	27,090,093
	<u>\$ 56,385,171</u>	<u>\$ 60,436,297</u>

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The following are maturities and credit quality ratings for the Foundation's investments in debt securities, money market, and mutual funds at March 31:

Investment Type	Fair Value	Investment Maturities (in Years)				Ratings	
		Less than 1	1 to 5	6 to 10	More than 10	S&P	Moody's
2016							
<i>Investments</i>							
U.S. government obligations	\$ 1,260,497	\$ 39,096	\$ 332,258	\$ 793,207	\$ 95,936	(1)	(1)
Federal agency obligations	2,487,688	80,690	286,827	964,436	1,155,735	AA +	Aaa
Bonds and notes	6,152,319	322,932	3,133,252	1,357,223	1,338,912	AAA-D	Aaa-Ca
Fixed income mutual fund (3)	13,527	13,527	-	-	-	AAA-NR	
Fixed income mutual fund (2)	57,530	-	57,530	-	-	Not Rated	
Fixed income mutual fund (2)	180,780	-	180,780	-	-	BBB-D	
Fixed income mutual fund (2)	57,277	-	57,277	-	-	AAA-BB	
Fixed income mutual fund (3)	97,549	-	-	-	97,549	AA-D	
Fixed income mutual fund (2) (3)	332,825	-	332,825	-	-	AAA-NR	
Fixed income mutual fund (2)	2,599,332	-	2,599,332	-	-	BBB + -B +	A3-Ba3
Fixed income mutual fund	1,321,737	-	-	1,321,737	-	AA + -BBB-	Aaa-Baa3
Fixed income mutual fund	287,884	-	-	-	287,884	AA + , BBB	A1, Baa2
Real estate investment trusts	597,025	597,025	-	-	-	Not Rated	
Alternative investments (4)	1,653,794	1,653,794	-	-	-	Not Rated	
Equity securities	38,201,062	38,201,062	-	-	-	Not Rated	
Total investments	55,300,826	40,908,126	6,980,081	4,436,603	2,976,016		
<i>Cash and cash equivalents</i>							
Money markets	369,292	369,292				Not Rated	
Money markets	71,146	71,146				Not Rated	
Money markets	47,926	47,926				Not Rated	
Money markets	215,553	215,553				Not Rated	
Cash	380,428	380,428					
Total cash and cash equivalents	1,084,345	1,084,345					
Total	\$ 56,385,171	\$ 41,992,471	\$ 6,980,081	\$ 4,436,603	\$ 2,976,016		
2015							
<i>Investments</i>							
U.S. government obligations	\$ 1,077,789	\$ 107,224	\$ 409,545	\$ 474,066	\$ 86,954	(1)	(1)
Federal agency obligations	2,020,758	-	356,543	476,383	1,187,832	AA +	Aaa
Bonds and notes	6,474,905	26,469	2,882,783	2,364,465	1,201,188	AAA-D	Aaa-Ca
Fixed income mutual fund	25,112	25,112	-	-	-	Not Rated	
Fixed income mutual fund (5)	370,993	33,195	206,611	131,187	-	AAA, AA, A, BB, B	
Fixed income mutual fund (2)	46,608	-	46,608	-	-	Not Rated	
Fixed income mutual fund (2)	153,584	-	153,584	-	-	BBB-D	
Fixed income mutual fund (2)	46,336	-	46,336	-	-	AAA-BBB	
Fixed income mutual fund (3)	76,690	-	-	76,690	-	AA-NR	
Fixed income mutual fund (2)(3)	243,385	-	243,385	-	-	AAA-NR	
Fixed income mutual fund (3)	239,037	-	-	-	239,037	AAA-NR	
Fixed income mutual fund	1,428,457	1,428,457	-	-	-	AAA-B	
Fixed income mutual fund (2)	1,825,080	-	1,825,080	-	-	BB-B	
Fixed income mutual fund	1,297,863	-	-	1,297,863	-	AAA-BB	
Fixed income mutual fund	524,129	-	-	-	524,129	BB-BBB-	
Real estate investment trusts	611,122	611,122	-	-	-	Not Rated	
Alternative investments (4)	1,025,780	1,025,780	-	-	-	Not Rated	
Equity mutual funds	1,018,574	1,018,574	-	-	-	Not Rated	
Equity securities	40,796,638	40,796,638	-	-	-	Not Rated	
Total investments	59,302,840	45,072,571	6,170,475	4,820,654	3,239,140		
<i>Cash and cash equivalents</i>							
Money markets	368,641	368,641				Not Rated	
Money markets	20,876	20,876				Not Rated	
Money markets	98,336	98,336				Not Rated	
Money markets	425,070	425,070				Not Rated	
Cash	220,534	220,534				Not Rated	
Total cash and cash equivalents	1,133,457	1,133,457					
Total	\$ 60,436,297	\$ 46,206,028	\$ 6,170,475	\$ 4,820,654	\$ 3,239,140		

- (1) Disclosure of credit risk is not required for this investment type.
- (2) These fixed income mutual funds have a weighted average maturity of < 5 years.
- (3) Components of these funds have credit ratings that range from AAA to NR.
- (4) These are mutual funds consisting of mixed asset investments.
- (5) This has an average credit rating.

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Investment income from these investments is summarized as follows for the years ended March 31:

	2016	2015
Net (depreciation) appreciation of investments	\$ (3,688,840)	\$ 2,981,295
Interest and dividends	1,515,090	1,487,752
Investment fees	(918,470)	(943,481)
	<u>\$ (3,092,220)</u>	<u>\$ 3,525,566</u>

There are many factors that can affect the value of investments. Some, such as custodial 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. The Foundation has adopted a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk 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 prices to decline. The 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 such as Moody's Investors Service or Standard and Poor's. The lower the rating, the greater the chance that the bond issuer will default or fail to meet payment obligations. 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, have little or no credit risk. The Foundation maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

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 tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities.

The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. As of March 31, 2016 and 2015, the Foundation has \$9,900,504 and \$9,573,452, respectively, in obligations of the U.S. government, federal agencies, and bonds and notes that include embedded options consisting of the option at the discretion of the issuer to call their obligation. These securities have various call dates and mature between July 2016 and September 2043.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25% of a manager's fixed income portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the Foundation to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae and government agencies are not considered by management to be a concentration of credit risk. The Foundation minimizes concentration of credit risk by requiring that no one single issuer represent more than 5% of the total assets of the manager's portfolio. This along with the diversification of the investment portfolio minimizes the impact of potential losses from any one type of security or issuer.

The Foundation's policy provides that investments in fixed income securities of a single issue must not exceed 5% of fair value total investment assets with each money manager. U.S. government and federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15% of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case should an individual security be purchased that exceeds 5% of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 65% in equities, 30% in fixed income, and 5% in alternative investments.

From time to time, the Foundation holds deposits in excess of the amount insured by the Federal Deposit Insurance Corporation and the Florida Department of Financial Services. Management believes that the risk of loss on these deposits is remote.

Custodial Risk

The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. As of March 31, 2016 and 2015, the portfolio does not hold any foreign bonds. While foreign securities are held in an international equity account, they are held as ADR's, which are denominated in U.S. dollars and trade like U.S. domestic equities on U.S. domestic stock exchanges. Under the Foundation's investment policy, there is no provision to purchase individual foreign-denominated securities.

Note D - Related-Party Transactions

The Foundation is related to the College by virtue of its primary purpose, which is to engage in activities to foster, promote, and provide funds to or for the benefit of the College and its students. During the years ended March 31, 2016 and 2015, the Foundation provided scholarships and program expenses to the College in the amount of \$2,972,139 and \$2,954,393, respectively.

The College provides the office space for the Foundation to operate without charge. Management estimates fair value of the annual rent, including utilities, to be approximately \$43,000 and \$42,000 for the years ended March 31, 2016 and 2015, respectively. The College also provides the employees to operate the Foundation at an estimated cost of approximately \$630,000 and \$688,000 for the years ended March 31, 2016 and 2015, respectively. The College provided other miscellaneous services and supplies in estimated amounts of approximately \$20,000 and \$19,000 for the years ended March 31, 2016 and 2015, respectively. These donated amounts are recognized in the Statement of Revenues, Expenses, and Change in Net Position as operating revenue as a part of contributions and various elements of operating expense. The College provides the insurance for the Foundation; however, an allocation for the insurance cost cannot be determined at this time.

During the years ended March 31, 2016 and 2015, the Foundation received cash donations from members of the Board, corporations, and organizations affiliated with directors of the Board. One Board member has established an endowment at the Foundation and two have established named scholarship funds.

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Two members of the board of directors are non-broker executives with an investment firm used by the Foundation.

The Foundation has permanently loaned The Leepa-Rattner-Gentle art collection to the College for \$1. The College provided the insurance for the collection until 2010. Starting in 2010, the Foundation is responsible for the insurance on the art collection at a cost of approximately \$15,000 per year. The College has in turn loaned the collection to The Leepa-Rattner Museum of Art, Inc. (Museum).

The Museum is also related to the Foundation, as it is also a direct support organization of the College. Within the Foundation is an endowed fund held for the benefit of the Museum valued at \$2.3 million and \$2.9 million at March 31, 2016 and 2015, respectively.

The Foundation also holds funds for the Institute for Strategic Policy Solutions at St. Petersburg College (Institute). The Institute is a legally separate 501(c)(3) support group organized to advance academic excellence, community engagement, economic vitality and public understanding through high-quality, solutions-directed public policy programs. The Foundation reflects this balance in the financial statements as part of Investments. The expendable funds totaled approximately \$10.47 million and \$11.4 million at March 31, 2016 and 2015, respectively.

Note E - In-Kind Contributions

In-kind contributions are included in contributions in the Statement of Revenues, Expenses, and Change in Net Position. The majority of in-kind contributions are from the College. The remainder of in-kind contributions are from other individuals or corporations. Management estimates that the fair value of items donated to the Foundation are as follows for the years ended March 31:

	2016	2015
Materials and supplies	\$ 2,695	\$ -
Contributions in-kind from the College		
Donated personnel	630,390	688,278
Facilities	42,839	41,586
Services, materials, and supplies	19,579	19,272
	<u>692,808</u>	<u>749,136</u>
	<u>\$ 695,503</u>	<u>\$ 749,136</u>

Note F - Oversight by St. Petersburg College

As a direct support organization, the Foundation is subject to the policies and procedures of the College. All contributions to the Foundation ultimately benefit the College. Accordingly, the Foundation, for reporting purposes, is considered a governmental not-for-profit organization subject to reporting under the GASB and is reported as a component unit of the College.

Note G - State Matching Funds

The Foundation qualifies as a recipient of state matching funds under the Dr. Philip Benjamin Matching Program for Community Colleges. Under the grant agreement, the Foundation receives dollar-for-dollar matching funds from the state of Florida for all contributions that are restricted to financial aid and scholarships. All other contributions received are matched on a \$4 for \$6 basis. The primary use of these funds is to benefit future as well as students currently enrolled at the College and to improve the quality of education. The Foundation records these funds as either net position restricted – expendable or net position restricted – nonexpendable (permanent endowments) depending on the restriction of the contribution they are matching.

During the year ended March 31, 2016, the Foundation applied for a \$1,056,133 grant for matching of scholarships and programs from the state of Florida. The State Legislature has not awarded this grant. This amount is not included in receivables in the Statement of Net Position. The State Legislature has not appropriated funding for this program since 2007. Due to the significant backlog of unmatched gifts, the 2011 Legislature decided to enact a freeze on matching any new donations received on or after June 30, 2011, until at least \$200 million of the existing backlog has been paid down. Donations already received, or those received by June 29, 2011, remain eligible for state matching funds once those funds become available.

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Note H - Net Position Restricted - Expendable

Net position restricted - expendable was available for the following purposes at March 31:

	<u>2016</u>	<u>2015</u>
Program support	\$ 20,313,145	\$ 21,333,884
Scholarships and grants to students	7,538,352	9,564,670
Time restriction on charitable remainder trusts	729,084	731,517
Awards for endowed teaching chairs	152,940	611,637
Student recognition awards	233,820	283,449
	<u>\$ 28,967,341</u>	<u>\$ 32,525,157</u>

Changes in restricted - expendable net position are as follows for the years ended March 31:

	<u>2016</u>	<u>2015</u>
Restricted - expendable at beginning of year	\$ 32,525,157	\$ 30,929,013
Contributions	1,419,304	1,071,722
Release of restrictions	(1,890,469)	(2,992,233)
Investment return:		
Investment income, net	593,978	541,818
Net (depreciation) appreciation of investments	(3,680,629)	2,974,837
Total investment (losses) return	(3,086,651)	3,516,655
Restricted - expendable at end of year	<u>\$ 28,967,341</u>	<u>\$ 32,525,157</u>

Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions were accomplished by the following during the years ended March 31:

	<u>2016</u>	<u>2015</u>
Scholarship expenses	\$ 1,648,108	\$ 1,593,285
Capital project construction	-	1,141
Other program expenses	1,249,335	1,253,376
Change in value of split interest agreements	2,433	130,119
Change in donor restrictions	(1,009,407)	14,312
	<u>\$ 1,890,469</u>	<u>\$ 2,992,233</u>

Certain donors changed their restrictions during the years ended March 31, 2016 and 2015 resulting in assets released from donor restrictions.

Note I - Net Position Restricted - Nonexpendable

Net position restricted - nonexpendable consist of donor-restricted assets (endowments) subject to the spending policy of the Foundation. The income from these endowments is sometimes restricted for a specific purpose by the donor. Realized and unrealized gains and losses on endowments are recorded as unrestricted, restricted - expendable or nonexpendable, consistent with the interest and dividend income treatment, unless otherwise specified by the donor.

Net position restricted - nonexpendable is summarized as follows as of March 31:

	<u>2016</u>	<u>2015</u>
Program support	\$ 10,146,068	\$ 10,146,028
Scholarships and grants to students	15,421,117	15,178,453
Award for endowed teaching chairs	507,610	1,520,591
Time restriction on charitable trusts	340,540	340,540
Student recognition awards	245,021	245,021
	<u>\$ 26,660,356</u>	<u>\$ 27,430,633</u>

Changes in restricted - nonexpendable net position are as follows for the years ended March 31:

	<u>2016</u>	<u>2015</u>
Restricted - nonexpendable at beginning of year	\$ 27,430,633	\$ 27,100,453
Contributions	245,089	321,595
Release of restrictions	(1,009,407)	-
Investment return:		
Investment income, net	2,252	2,126
Net (depreciation) appreciation of investments	(8,211)	6,459
Total investment return	(5,959)	8,585
Restricted - nonexpendable at end of year	<u>\$ 26,660,356</u>	<u>\$ 27,430,633</u>

Certain donors changed their restrictions during the years ended March 31, 2016 and 2015 resulting in assets released from donor restrictions.

Other Unaudited Information

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March 31, 2016

The Foundation has received various gifts of donated art objects, microfilm, and microfiche, being held for education purposes, which are not reflected on the financial statements. They include:

1. Wendall Ware Microfilm Collection - A collection of 25,000,000 images. Independently appraised to be worth \$1,932,447.
2. Canadian Donors Art Collections - A collection of contemporary prints and artists' proofs. Independently appraised to be worth \$988,653.
3. Anonymous Oriental Art Objects Collection - A collection of Chinese Qing dynasty and Japanese Taisho, Heisei, and Showa Period objects d'art. Independently appraised to be worth \$44,275.
4. Abraham Rattner, Allen Leepa, and Esther Gentle Art Collection - Over 5,000 artworks with an estimated fair market value of \$22 million.
5. Two art quilts by Pauline Salzman. Independently appraised to be worth \$5,600 and \$4,000.
6. Contemporary Florida Art Collection and American Fine Crafts from the Gulf Coast Museum of Art. Independently appraised to be worth \$544,210.
7. Stella Anderson Photographs - A collection of 10 black and white photographs of downtown St. Petersburg donated by Stella Anderson with an estimated fair market value of \$2,500.
8. Martha Campbell painting with an estimated fair market value of \$800.
9. Florence Putterman Paintings - Two paintings with an estimated fair market value of \$1,600.
10. Victoria Block Pieces - A collection of nine wall-mounted oil on ceramic pieces with an estimated fair market value of \$3,500.
11. Jack King Piece - A mixed-media wall construction art piece with an estimated fair market value of \$1,100.
12. Jack Barrett painting - "Knight of the Brownstones" with an estimated fair market value of \$6,800.
13. Winslow Homer - A collection of prints (370). Estimated fair market value \$46,955.
14. Original drawings and watercolors by Joseph Weinzette (14). Donated by Joseph Weinzette. Estimated fair market value of \$5,800.
15. Digital print by Robert Derr donated by the artist. Estimated fair market value of \$1,100.
16. Paintings (26) by various artists and art books (11), donated by John and Betty Milson. Estimated fair market value of \$14,500.
17. Four ethnographic sculptures and one decorative lamp, donated by Rita Scott estate. Estimated fair market value of \$21,700.
18. Carved Bass Wood - Golden Retriever "Buddy" by Mark Noll. Estimated fair market value of \$750
19. 12 works by David P. Anderson. Donated by Lawrence Konrad & Robert Pope. Not valued.
20. Paintings (2) by Joseph Weinzette; Portrait of an African Girl and Urban Landscape. Estimated fair market value of \$1,200.
21. Paintings by D. Anderson - Russian Peasant and My Heart Greatly Rejoices. Estimated fair market value of \$5,000 and \$9,000 respectively
22. Painting by W. Nelson - Stage Coach. Estimated fair market value of \$4,500.
23. Painting by Lisa Williamson - Kentucky Landscape, painting by Mary Bassham - Still Life with Tea Pot and untitled painting by Maria Calandra, donated by Ken Rollins. Estimated fair market value of \$9,500.
24. Collection of ceramic Panamanian/pre-Columbian artifacts donated by Lourdes Oliveira. Not valued.

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25. Dog with Dragon Fly Sculpture. Estimated fair market value of \$885.

Total Fair Market Value: \$25,656,375.



**Independent Auditor's 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
St. Petersburg College Foundation, Inc.
St. Petersburg, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Petersburg College Foundation, Inc. as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise St. Petersburg College Foundation, Inc.'s basic financial statements, and have issued our report thereon dated July 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Petersburg College Foundation, Inc.'s internal control over financial reporting (internal control) to determine 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 St. Petersburg College Foundation Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of St. Petersburg College Foundation, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gregory, Sharer & Stuart, P.A.

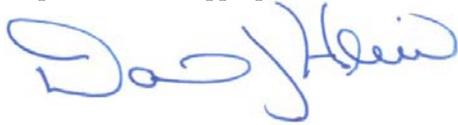
St. Petersburg, Florida
July 11, 2016

St. Petersburg College Foundation, Inc.
DR. PHILIP BENJAMIN MATCHING PROGRAM FOR COMMUNITY COLLEGES
CERTIFICATION OF ACCURACY OF PRIVATE CONTRIBUTIONS RECEIPTED (FEBRUARY 2, 2015 THROUGH FEBRUARY 1, 2016)

Chapter 1011.85(4)(c), Florida Statutes, states: "The audit of each foundation receiving state funds from this program must include a certification of accuracy in the amount reported for matching funds."

Auditor Certification of Accuracy:

This is to certify that the contributions reported in the final certification of private contributions are accurate according to college records. The contributions reported were aligned with the mission of the college and certified by the college board of trustees. The funds were received by February 1, 2016 and have not been matched from previous state appropriations.



Signature of Foundation Auditor

July 11, 2016

Date

Daniel J. Hevia

Please print name

Please include this form in your published Direct Support Organization audit. Also attach a copy to the DSO Checklist along with a copy of the final private contributions certification form (bearing the President's signature) and return them to Everett Condry, Community College Budget Office, 325 West Gaines Street, Suite 1224, Tallahassee, Florida 32399-0400.