

**COLLEGE OF CENTRAL FLORIDA  
FOUNDATION, INC.  
OCALA, FLORIDA  
A COMPONENT UNIT OF THE  
COLLEGE OF CENTRAL FLORIDA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**COLLEGE OF CENTRAL FLORIDA  
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 FINANCIAL STATEMENTS  
 DECEMBER 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
College of Central Florida Foundation, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The Foundation's 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. 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, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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

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

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The statement of net position by account and statement of revenues, expenses, and changes in net position by account, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of net position by account and statement of revenues, expenses, and changes in net position by account and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of net position by account and statement of revenues, expenses, and changes in net position by account, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, 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.

*Durvis, Gray and Company, LLP*

June 15, 2016  
Ocala, Florida

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

This section of the College of Central Florida Foundation's (the Foundation) annual financial report presents our discussion and analysis of financial performance for the fiscal periods ended on December 31, 2015 and 2014. Please read it in conjunction with the preceding Accountant's Audit Report and financial statements following this section.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

**FINANCIAL ANALYSIS**

**NET POSITION**

	<b>December 2015</b>	<b>December 2014</b>
Current Assets	\$ 3,067,911	\$ 2,541,861
Capital Assets, Net	20,906,514	21,046,472
Non-Current Assets	<u>66,561,250</u>	<u>68,345,401</u>
Total Assets	<u>90,535,675</u>	<u>91,933,734</u>
Current Liabilities	413,360	671,836
Noncurrent Liabilities	<u>2,121,790</u>	<u>2,357,424</u>
Total Liabilities	<u>2,535,150</u>	<u>3,029,260</u>
Net Position:		
Net Investment in Capital Assets	19,656,510	19,681,466
Restricted	57,877,581	59,193,521
Unrestricted	<u>10,466,434</u>	<u>10,029,487</u>
Net Position at End of Year	<u>\$ 88,000,525</u>	<u>\$ 88,904,474</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**  
*(Continued)*

In comparing 2015 activity to 2014 activity, we note the following:

Total assets decreased by a total of \$1.4 million (-2%). Current assets increased by \$526,050, and Capital assets decreased by \$139,958, attributable to assets being depreciated. Noncurrent assets, including the Foundation's investment accounts, decreased by \$1.8 million (-3%) as a result of low investment earnings on endowments due to poor market conditions. Although investment income was down, the Foundation continued to provide increased support to the College from prior year strong earnings.

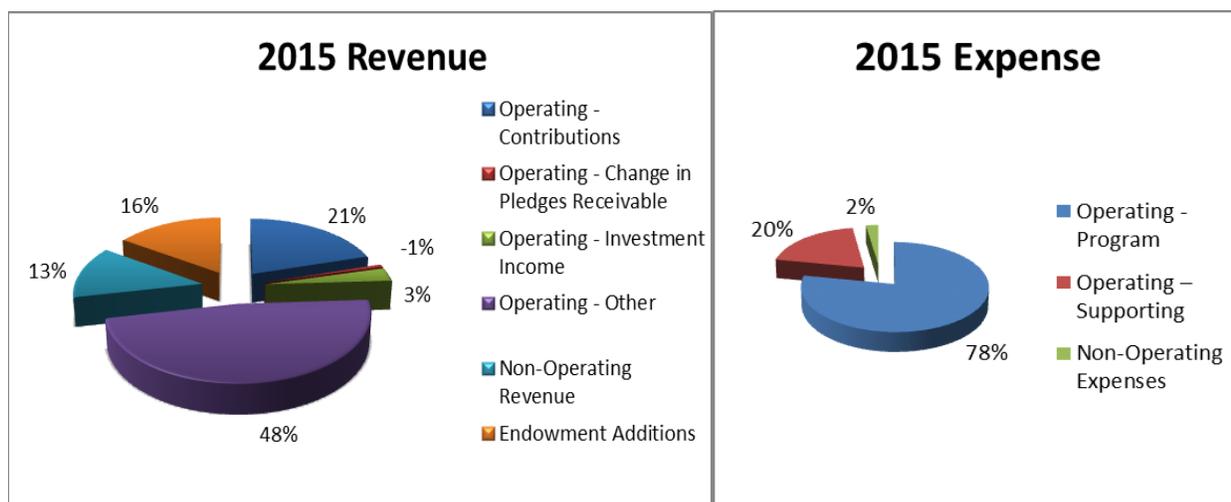
There was a net decrease in total liabilities of \$494,110 (-16%) with a decrease in current liabilities of \$258,476. Noncurrent liabilities decreased by \$235,634 (-10%), attributable to \$115,002 reduction in bonds payable for the Enterprise Center, and a \$100,000 reduction in noncurrent liability due to the College for College Square support. An 11-year agreement was made to repay the college beginning December 2014. The bond on College Square Apartments was paid in full January 2014.

Total net position decreased by \$903,949 (-1%).

**CHANGES IN NET POSITION**

	<b>December 2015</b>	<b>December 2014</b>
Revenue:		
Operating - Contributions	\$ 582,195	\$ 344,860
Operating - Change in Pledges Receivable	(17,039)	(280)
Operating - Investment Income	92,330	3,588,127
Operating - Other	1,368,174	1,283,967
Non-Operating Revenue	369,238	351,627
Endowment Additions	443,467	619,794
Total Revenue	2,838,365	6,188,095
Expenses:		
Operating - Program	2,922,485	2,429,527
Operating - Supporting	732,500	673,083
Non-Operating Expenses	87,329	94,933
Total Expenses	3,742,314	3,197,543
<b>Change in Net Position</b>	(903,949)	2,990,552
<b>Net Position at Beginning of Year</b>	88,904,474	85,913,922
<b>Net Position at End of Year</b>	\$ 88,000,525	\$ 88,904,474

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**  
*(Continued)*



**Revenue:**

**Operating - Contributions** consist of private non-endowed contributions.

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

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

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

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

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

**Expense:**

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

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

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**  
*(Continued)*

Significant differences between 2015 and 2014 revenues and expenses are discussed below:

**REVENUES**

**Operating Revenue:** Overall Operating Revenue decreased by 61%, or \$3.2 million, with investment income decreasing by \$3.5 million due to lower market earnings in 2015. There were slight increases in private contributions and special event revenues, as well as rental income due to higher occupancy in College Square Apartments and the Enterprise Center. The Dinner Theatre, Denim & Diamonds (Citrus campus), and Taste of Ocala events had a slight decrease in profits; however, two external fundraising events generated additional gifts.

**Non-Operating Revenue/(Expense):** There was a 5% increase in support received by the college due to a filled vacancy and personnel cost adjustments.

**Endowment Additions Revenue:** Permanently restricted contributions to the endowment fund experienced a decrease of 28% due to Health Occupations and STEPS scholarships received in 2014.

**EXPENSES**

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

During 2015, the Foundation provided \$925,643 in scholarship support, \$351,467 in academic program support, and \$479,287 in institutional support. Overall in 2015, program expenses increased 20% due to additional scholarship and Appleton Museum support. Appleton Museum endowments held by the Foundation matured in 2015, and a 5-year agreement was reached to provide \$500,000 annually in support of Appleton Museum operations. The Foundation Board of Directors approved an endowment spending percentage of 3.5% for endowed scholarship and chair awards during the 2015-16 academic year.

**Operating - Supporting** expenses are comprised of general and administrative expenses including personnel costs, insurance, utilities, and maintenance. In 2015, supporting expenses totaled \$732,500, an increase of \$59,417 (9%) from 2014 expenses, due to a position being filled that was vacant during 2014.

**Non-Operating Expenses** totaled \$87,329 for 2015 compared to \$94,933 in 2014, an 8% decrease. This amount reflects interest paid on the Foundation's long-term debt financing. The final payment was made for the College Square bond on January 2, 2014. Beginning December 2014, repayment to the College for College Square support began in accordance with an 11-year agreement approved by the Board during 2013. Payment of the Enterprise Center long-term debt will be complete in 2023.

**NET POSITION**

As a result of the foregoing activity, net position decreased by \$903,949 to \$88,000,525, a 1% decrease. Included in unrestricted net position are board designated reserve accounts that have been established as follows:

Scholarship Reserve	\$ 1,049,137
Endowed Chair/Grant Reserve	254,832
Insurance Reserve	<u>32,000</u>
Total Reserves	<u>\$ 1,335,969</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**  
*(Concluded)*

**DEBT ADMINISTRATION**

	<u>December 2015</u>	<u>December 2014</u>
Long-term Debt:		
Bonds Payable	\$ 1,250,004	\$ 1,365,006
Advances from the College	980,343	1,080,343
Total	<u>\$ 2,230,347</u>	<u>\$ 2,445,349</u>

**OTHER**

In 2011, the Foundation's Board of Directors (the Board) completed its research into alternative options and strategies for management of the Foundation's investment portfolio. At the end of that very lengthy and comprehensive process, the Board approved replacing the current investment advisor with a firm having specific expertise in managing educationally based endowed investments including several educational foundations in Florida. This transition took place in late December 2011 and was fully implemented the first week of January 2012. In late 2013, the Board approved a 5% investment in core property and alternatives, implemented January 2014. During 2015, the core endowment earned 1.4 % overall, the core property earned 14.5%, and the alternatives lost -1.79%. Since inception with the current investment firm, the core endowment has earned 9.5% overall, the core property earned 11.5%, and the alternatives earned .83%. The CF Foundation's 3-year annualized return is 12.6%.

The CF Foundation is well positioned to continue to provide the college with resources to assist in carrying out its mission, to provide quality higher educational opportunities to the residents of Citrus, Levy, and Marion Counties (our tri-county service area). The Foundation looks back with pride and forward with anticipation to the achievements made possible with the efforts and involvement of the Foundation's Board and the College's District Board of Trustees, our donors, volunteers, and community supporters.

**REQUESTS FOR INFORMATION**

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 2,876,441
Pledge Receivable, Current Portion, Net	156,389
Prepaid Expenses and Other Current Assets	35,081
<b>Total Current Assets</b>	3,067,911
<b>Capital Assets, Net</b>	
Capital Assets Not Being Depreciated	17,469,205
Capital Assets Being Depreciated, Net	3,437,309
<b>Total Capital Assets, Net</b>	20,906,514
<b>Noncurrent Assets</b>	
Cash and Cash Equivalents - Endowment	351,164
Investments	65,309,766
Pledges Receivable, Less Current Portion	40,000
Cash Surrender Value of Life Insurance	29,159
Land and Property Held for Investment	345,851
Charitable Remainder Trusts	485,310
<b>Total Noncurrent Assets</b>	66,561,250
<b>Total Assets</b>	90,535,675

**LIABILITIES**

<b>Current Liabilities</b>	
Accounts Payable and Accrued Expenses	75,476
Scholarships Payable	1,600
Interest Payable on Bonds	4,521
Escrow - Housing Deposits	56,395
Unearned Revenue	28,947
Current Portion of Advances from College of Central Florida	100,000
Current Portion of Gift Annuity Payable	16,421
Current Portion of Bonds Payable	130,000
<b>Total Current Liabilities</b>	413,360
<b>Long-term Liabilities</b>	
Long-term Portion of Advances from College of Central Florida	880,343
Gift Annuity Payable	121,443
Bonds Payable, Less Current Portion	1,120,004
<b>Total Long-term Liabilities</b>	2,121,790
<b>Total Liabilities</b>	2,535,150

**NET POSITION**

<b>Net Position</b>	
Net Investment in Capital Assets	19,656,510
Restricted:	
Nonexpendable	54,536,517
Expendable	3,341,064
Unrestricted	10,466,434
<b>Total Net Position</b>	\$ 88,000,525

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Operating Revenues</b>	
Private Contributions	\$ 582,195
Change in Pledges Receivable	(17,039)
Rental Income and Fees	1,216,091
Investment Income	92,330
Special Events	152,083
<b>Total Operating Revenues</b>	<u>2,025,660</u>
<b>Operating Expenses</b>	
Program Services:	
Donor Relations	119,613
Institutional Support	479,287
Scholarships	925,643
Academic Program Support	351,467
Special Events	205,194
Student Housing	571,923
Enterprise Center	269,358
Total Program Services	<u>2,922,485</u>
Supporting Services:	
General Administration	732,500
Total Supporting Services	<u>732,500</u>
<b>Total Operating Expenses</b>	<u>3,654,985</u>
<b>Operating (Loss)</b>	<u>(1,629,325)</u>
<b>Nonoperating Revenue (Expense)</b>	
Interest Expense	(87,329)
Support from College of Central Florida	369,238
<b>Total Nonoperating Revenue</b>	<u>281,909</u>
<b>Change in Net Position Before Endowment Contributions</b>	(1,347,416)
<b>Private Endowment Contributions</b>	<u>443,467</u>
<b>Change in Net Position</b>	(903,949)
<b>Net Position, Beginning of Year</b>	<u>88,904,474</u>
<b>Net Position, End of Year</b>	<u>\$ 88,000,525</u>

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash Flows from Operating Activities</b>	
Cash Received from Donors	\$ 1,036,125
Cash Received from Rental Tenants	1,218,270
Cash Paid to College of Central Florida, Vendors, and Suppliers	<u>(3,445,177)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(1,190,782)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Net Change in Line of Credit Payable	(13,573)
Bond Payments	(115,002)
Annuity Payments	(16,421)
Interest Paid on Debt	<u>(87,657)</u>
<b>Net Cash Used in Financing Activities</b>	<u>(232,653)</u>
<b>Cash Flows from Investing Activities</b>	
Cash Received for Interest and Dividends	2,927,046
Purchases of Investments	(4,054,019)
Proceeds from Sale of Investments	2,873,802
Payments on Advances from College of Central Florida	<u>(100,000)</u>
<b>Net Cash Used in Investing Activities</b>	<u>1,646,829</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	223,394
<b>Cash and Cash Equivalents, Beginning of Year</b>	3,014,511
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,237,905</u>
<b>Shown on the Statement of Net Position as:</b>	
Cash and Cash Equivalents	\$ 2,876,441
Cash and Cash Equivalents - Endowment	<u>351,164</u>
<b>Total Cash and Cash Equivalents</b>	<u>\$ 3,227,605</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Used in (Provided by) Operating Activities</b>	
Operating Loss	\$ (1,629,325)
Adjustments to Reconcile Operating Income to Net Cash	
Used in (Provided by) Operating Activities:	
Depreciation and Amortization	150,258
Net Realized and Unrealized Gain on Investments	2,809,760
Interest and Dividends	(2,927,046)
Change in Pledges Receivable	17,039
Support from College of Central Florida	369,238
Private Endowment Contributions	443,467
Decrease (Increase) in:	
Charitable Remainder Trusts	18,097
Pledges Receivable	(161,019)
Prepaid Expenses and Other Current Assets	(3,578)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(2,524)
Scholarships Payable	(250,232)
Escrow - Housing Deposits	2,179
Unearned Revenue - Events	(8,998)
Gift Annuity Payable	<u>(18,098)</u>
Total Adjustments	<u>438,543</u>
<b>Net Cash Used in (Provided by) Operating Activities</b>	<u>\$ (1,190,782)</u>
<b>Schedule of Noncash Operating Activities</b>	
Noncash Contributions of Artwork for Collection	<u>\$ 10,300</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 1 - Summary of Significant Accounting Policies**

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

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

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

**Fund Accounting**—To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All of the Foundation's financial activity is accounted for in a single enterprise fund, which is broken down into the following sub-accounts:

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

*Endowment Account*—Records nonexpendable donations received by the Foundation subject to donor-imposed restrictions and unrestricted donations received by the Foundation subject to designation by the Foundation's Board of Directors (The Board), requiring that the principal be invested in perpetuity and that only income (including appreciation) can be used for scholarships and endowed chair activities. The endowment principal balance fluctuates as investment income, including realized and unrealized appreciation is allocated to each endowment on a pro rata basis based on its balance as a percentage of the total endowment fund. Beginning in 1992, the Board approved the unrestricted operating fund to charge up to a 2.5% reinvestment fee against current earnings to recover the costs of administering endowment and general operations. During the 2015 fiscal year, a reinvestment fee of 2% was charged on active endowments and 1% was charged on the funds associated with the Federal Endowment Challenge Grant and the operational Appleton Museum Endowments.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Concluded)**

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

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

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

**Net Position**—The Foundation classifies its net position into the following two categories:

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

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

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

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

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

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

COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(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*—include the primary activities of contributions from donors, program revenues, investment income, rental activities, and special events.

*Nonoperating Revenues*—include revenues derived from contributions restricted for capital additions or endowments.

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

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

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

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

**Split Interest Agreements**

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Split Interest Agreements (Concluded)**

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

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

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

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

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

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

**Pronouncements Issued**—The GASB issued Statement No. 72 in February of 2015. The Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The provisions of the Statement are effective for reporting periods beginning after June 15, 2015. The Foundation has considered the new pronouncement and does not believe that implementation of this Statement will have an impact on the reported financial position, operations, or cash flows of the Foundation. Accordingly, the Foundation did not early implement GASB Statement No. 72.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 2 - Land and Property Held for Investment or Resale**

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

**Land**

Florida:		
Lot 7, Block M. College Park Second Addition, Marion County	\$	16,000
Orange Lake, Marion County - 26.6 acres, The Ray Preserve		169,851
Columbus, Ohio:		
Downtown Commercial Area Land Lease		160,000
<b>Total</b>	<b>\$</b>	<b><u>345,851</u></b>

**Note 3 - Rental Income**

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

- A 99-year lease on property located in Columbus, Ohio, was donated. Rent of \$2,500 is payable in advance every three months. The lease expires in the year 2022 and is renewable in perpetuity at the option of the lessee.
- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$875 is payable monthly on the 1<sup>st</sup> of each month. The lease expires February 29, 2016, and a new month-to-month agreement was signed on March 1, 2016, for \$910 per month.
- Single-family residence located in Ocala, Florida, on a portion of land that was purchased by the Foundation for construction of the student housing facility. Rent of \$995 is payable on the 1<sup>st</sup> of each month. The lease was renewed on January 1, 2016, for rent of \$1,010 payable on the 1<sup>st</sup> of each month. The lease expires on December 31, 2016.
- College Square, a 48-unit student residence that houses 192 students, charges monthly rent of between \$300 and \$465, depending on the length of lease. The length of a lease varies, depending on the tenants' needs. The Foundation has contracted with Ellison Property Management since July 2002 to manage the property. The property's daily operations are handled through the management office at College Square.
- The property adjacent to College Square in Ocala, Florida is leased to Francis Marion Military Academy. Rent of \$2,673 is payable on the 1<sup>st</sup> of each month with a 5% increase on July 1, 2015. The lease expires on June 30, 2016.
- The Enterprise Center, a commercial office building, is leased to various organizations with purposes consistent to the College's goals of educating and providing employment opportunities to its graduating students. The CareerSource Citrus Levy Marion lease runs ten years, from 2014 to 2024, although it contains an early termination clause in the event the tenant's annual government funding is significantly reduced. See below for sources of rental income on the Enterprise Center for the year ended December 31, 2015.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 3 - Rental Income (Continued)**

In June 2014, Citrus Levy Marion Regional Workforce Development Board, Inc. signed a 10-year lease to rent 7,708 sq. ft. of space on the second floor of the Enterprise Center. Rent is due on the 1<sup>st</sup> of each month at a rate of \$17.00 per sq. ft. with \$.50/per sq. ft. increases annually beginning on January 1, 2015. The lease expires June 30, 2024.

In January 2005, the College signed a 10-year lease to rent 3,407 sq. ft. of space on the first floor of the Enterprise Center for corporate training and 3,540 sq. ft. of space on the second floor for institutional advancement. The lease expired on December 31, 2014. In January 2015, the College signed a new 5-year lease for the 3,407 sq. ft. of space on the first floor. Rent is due on the 1<sup>st</sup> of each month at a rate of \$17.50 per sq. ft. with \$.50/per sq. ft. increases annually beginning on January 1, 2016. The lease expires December 31, 2019.

Effective June 2013, the College, in partnership with CLM Workforce Connection, began occupying 1,534 sq. ft. in the Enterprise Center for a job placement office. In lieu of paying rent, the College funded the Donor Relations Specialist's salary. This memorandum of understanding is effective through December 2016.

In December 2012, EDC, an Enterprise Center tenant, merged with the Ocala/Marion County Chamber of Commerce, and subsequently notified the Foundation of its intention to vacate the premises consisting of 3,238 sq. ft. Effective June 30, 2013, the EDC terminated its lease and vacated the premises. Three new tenants were acquired for a portion of the vacated space. The College has agreed to provide funding to the Foundation by covering additional direct payroll support in the amount of \$22,690 through December 2016 to offset the net revenue lost due to termination of the EDC's lease.

Digital Fury, LLC renewed their lease on January 1, 2015, for 528 sq. ft. in Suite 107. Rent of \$747.82 is due on the 1<sup>st</sup> of each month with \$.50/per sq. ft. increases annually on January 1, 2015. The lease was renewed through December 31, 2016.

The Small Business Development Council renewed their lease on May 29, 2015, for 1,590 sq. ft. of the space vacated by EDC with rent of \$1,921.25 payable on the 1<sup>st</sup> of each month with \$.50/per sq. ft. increases annually beginning on June 15. This lease was renewed through June 30, 2016.

Neptune Ventures renewed their lease on September 1, 2015, for 222 sq. ft. in Suite 107 with rent of \$323.75 payable on the 1<sup>st</sup> of each month with \$.50/per sq. ft. increases annually beginning on January 1. The lease expires on December 31, 2016.

True Haven Financial, LLC signed a lease effective September 1, 2015, for 142 sq. ft. in Suite 107 with rent of \$360.21 payable on the 1<sup>st</sup> of each month, with \$.50/per sq. ft. increases annually on January 1. The lease expires December 31, 2016.

CareerSource Citrus Marion Levy signed a lease effective April 6, 2015, for 596 sq. ft. in Suite 107 with rent of \$869.17 payable on the 1<sup>st</sup> of each month, with \$.50/per sq. ft. increases annually on January 1. The lease expired December 31, 2015. A new lease was signed December 15, 2015, for 610 sq. ft. in Suite 107, replacing the old lease, with rent of \$915 payable on the 1<sup>st</sup> of each month, with \$.50/per sq. ft. increases annually on January 1. The lease expires December 31, 2016.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 3 - Rental Income (Concluded)**

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

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2016	\$ 1,136,549
2017	215,628
2018	221,185
2019	226,743
2020	164,160

**Note 4 - Cash, Cash Equivalents, and Investments**

Investments are recorded at fair value. Securities traded on a national exchange are valued at the last reported sales price. Corporate bonds not traded on a national exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of real estate investments is based on independent appraisals. Investments in hedge funds are generally valued at fair value, by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuations of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. Other investments not having an established market are recorded at estimated fair value.

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

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

<u>Endowment Investment</u>	<u>Maturities</u> <u>(Years)</u>	<u>Credit Ratings</u>	<u>Fair Value</u>
Edith Marie Appleton Endowment:			
Government/Corporate			
Bond	7.6	AA	\$ 733,166
TIPS	2.78	AAA	78,271
High Yield Bonds	5.75	Unrated	235,443
Equities	N/A	N/A	2,766,981
Global Real Estate	N/A	N/A	200,265
Commodities	N/A	N/A	84,846
Cash and Cash Equivalents	N/A	N/A	71,669
<b>Total</b>			<u>\$ 4,170,641</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 4 - Cash, Cash Equivalents, and Investments (Continued)**

<u>Endowment Investment</u>	<u>Maturities (Years)</u>	<u>Credit Ratings</u>	<u>Fair Value</u>
Arthur Appleton Endowment:			
Government/Corporate Bond	7.6	AA	\$ 2,438,908
TIPS	2.78	AAA	342,026
High Yield Bonds	5.75	Unrated	820,790
Equities	N/A	N/A	8,896,638
Global Real Estate	N/A	N/A	741,136
Commodities	N/A	N/A	336,306
Cash and Cash Equivalents	N/A	N/A	<u>260,480</u>
<b>Total</b>			<b><u>\$ 13,836,284</u></b>
Other Endowment Investments:			
Investment Grade Fixed Income	2.83	AA	\$ 7,170,236
Noninvestment Grade Fixed Income	2.69	B	2,478,703
Investment Bonds	5.38	BBB	1,531,360
Equities	N/A	N/A	22,376,367
Balance Funds	N/A	N/A	5,910,529
Hedge Funds	N/A	N/A	4,778,785
Cash and Cash Equivalents	N/A	N/A	<u>19,015</u>
<b>Total</b>			<b><u>44,264,995</u></b>
<b>Total Endowed Investment (Including Cash)</b>			<b><u>\$ 62,271,920</u></b>

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

<u>Endowment Investment</u>	<u>Maturities (Years)</u>	<u>Credit Ratings</u>	<u>Fair Value</u>
Other Investments:			
Investment Grade Fixed Income	1.42	AA	\$ 3,186,336
Noninvestment Grade Fixed Income	2.69	B	111,392
Investment Bonds	4.85	BBB	91,282
Cash and Cash Equivalents			<u>2,876,441</u>
<b>Total</b>			<b><u>\$ 6,265,451</u></b>

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

Cash and Cash Equivalents	\$ 2,876,441
Cash and Cash Equivalents - Endowment	351,164
Investments	<u>65,309,766</u>
<b>Total</b>	<b><u>\$ 68,537,371</u></b>

GASB Statement No. 40 establishes disclosure requirements related to the following types of investment risks:

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
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*(Continued)*

**Note 4 - Cash, Cash Equivalents, and Investments (Concluded)**

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

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

*Custodial Credit Risk*—For deposits at December 31, 2015, cash and cash equivalents, including cash and cash equivalents held in endowment, were held by depositories and the bank balances amounted to \$3,227,610 of which \$2,450,091 was uninsured and uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Foundation’s name.

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

■ **Arthur Appleton Endowment and Edith Marie Appleton Endowment**

All investments are held in a counterparty account for the Northern Trust Company, a trust department, as custodian for the above referenced client account.

■ **Other Endowed Investments**

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

*Concentration of Credit Risk*—Disclosure of any issuer of investments that in the aggregate is 5% or more of the portfolio is required to be disclosed as a concentration of credit risk. As of December 31, 2015, there were no concentrations of credit risk.

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

**Note 5 - Charitable Gift and Remainder Annuity Trusts**

As of December 31, 2015, the Foundation holds a remainder interest in several charitable remainder trusts. Under the terms of these trusts, the beneficiaries are to receive annual distributions during the lifetime of the donor(s). Upon the death of the donor(s), the funds remaining will be endowed or spent in accordance with the wishes of the donor(s).

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 5 - Charitable Gift and Remainder Annuity Trusts *(Concluded)***

As of December 31, 2015, the Foundation has entered into charitable gift annuity agreements with donors. Under terms of these agreements, the beneficiaries are to receive annual distributions of an amount equal to between 5.2% and 7.3% of the original principal of the trust for the life of the donor(s). The present value of the annuity payment liabilities at December 31, 2015, has been calculated based on the respective payouts and discount rates as determined by the trust documents. This amount is reflected on the balance sheet as a gift annuity liability. Upon the death of the donor(s), any funds remaining will be endowed or spent in accordance with the wishes of the donor(s) (see Note 12 for change in the liability for the fiscal year ended December 31, 2015).

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 6 - Capital Assets**

A summary of Appleton Museum and all other property and equipment of the Foundation is as follows at December 31, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Student Housing and Rental Houses</b>				
Property and Equipment Not Being Depreciated:				
Land	\$ 459,640	\$ 0	\$ 0	\$ 459,640
Capital Assets Being Depreciated:				
Student Housing Buildings and Improvements	2,984,330	0	0	2,984,330
Rental Houses	93,303	0	0	93,303
Total Capital Assets Being Depreciated	3,077,633	0	0	3,077,633
Less Accumulated Depreciation:				
Student Housing Buildings and Improvements	(1,617,618)	(71,207)	0	(1,688,825)
Rental Houses	(48,614)	(2,333)	0	(50,947)
Total Accumulated Depreciation	(1,666,232)	(73,539)	0	(1,739,771)
Total Capital Assets Being Depreciated, Net	1,411,401	(73,539)	0	1,337,862
<b>Total Student Housing and Rental Houses, Net</b>	<b>\$ 1,871,041</b>	<b>\$ (73,539)</b>	<b>\$ 0</b>	<b>\$ 1,797,502</b>
<b>Other Capital Assets</b>				
Capital Assets Not Being Depreciated:				
Appleton Collection and Artwork	\$ 16,975,265	\$ 10,300	\$ 0	\$ 16,985,565
Other Donated Collections and Artwork	24,000	0	0	24,000
Total Capital Assets Not Being Depreciated	16,999,265	10,300	0	17,009,565
Capital Assets Being Depreciated:				
Buildings - Enterprise Center	2,985,432	0	0	2,985,432
Equipment - Enterprise Center	38,539	0	0	38,539
Office Equipment	1,250	0	0	1,250
Donated Educational Equipment	701	0	0	701
Total Capital Assets Being Depreciated	3,025,922	0	0	3,025,922
Less Accumulated Depreciation:				
Buildings - Enterprise Center	(812,050)	(74,636)	0	(886,686)
Equipment - Enterprise Center	(36,518)	(2,021)	0	(38,539)
Office Equipment	(1,188)	(62)	0	(1,250)
Total Accumulated Depreciation	(849,756)	(76,718)	0	(926,474)
Total Capital Assets Being Depreciated, Net	2,176,166	(76,718)	0	2,099,448
<b>Other Capital Assets, Net</b>	<b>19,175,431</b>	<b>(66,418)</b>	<b>0</b>	<b>19,109,013</b>
<b>Total Capital Assets - at Cost</b>	<b>23,562,460</b>	<b>10,300</b>	<b>0</b>	<b>23,572,760</b>
<b>Total Accumulated Depreciation</b>	<b>(2,515,988)</b>	<b>(150,258)</b>	<b>0</b>	<b>(2,666,246)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 21,046,472</b>	<b>\$ (139,958)</b>	<b>\$ 0</b>	<b>\$ 20,906,514</b>

Total depreciation expense for the year ended December 31, 2015, was \$150,258.

The total value of the artwork and collections at The Appleton Museum of Art exceeds the \$16,985,565 which is recorded in the accounting records of the Foundation. The amounts recorded in the accounting records of the Foundation are based upon a professional appraisal as to the date of donation of the top 117 items of the collection, performed by O'Tool-Ewald Art Associated, valued at \$16,794,800, together with acquisitions made since that time in the amount of \$190,765. The remaining items in the collection that were not appraised have not been included in the capitalization of the collection due to the lack of an appraised value to assign to those items.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
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*(Continued)*

**Note 7 - Net Position**

Net position consists of the following at December 31, 2015:

Operating Account

Unrestricted:

Designated Reserve for Scholarships	\$ 1,049,137
Designated Reserve for Chairs	254,832
Designated Reserve for Insurance	32,000
Undesignated	<u>1,558,369</u>

Total Unrestricted Operating Account	<u>2,894,338</u>
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Restricted:

Restricted for Annual and Major Gifts Campaign	2,574,183
Restricted for Scholarships	165,315
Restricted for Other Uses	<u>601,566</u>

Total Restricted Operating Account	<u>3,341,064</u>
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Total Operating Account	<u>6,235,402</u>
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Endowment Account

Nonexpendable:

Total Endowed for Scholarships	18,254,210
Total Endowed for Appleton Museum	18,001,843
Total Endowed for Charitable Remainder Trusts	485,310
Total Endowed Chairs	12,044,443
Total Federal Endowment Challenge (Operational in 2017)	1,851,336
Total Promise for the Future Endowment	3,519,793
Total Endowed for Other Purposes	<u>379,582</u>

Total Nonexpendable	<u>54,536,517</u>
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Board Designated:

Board Designated Scholarships	4,552,011
Board Designated Chairs	<u>3,514,586</u>

Total Board Designated	<u>8,066,597</u>
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Total Endowment Account	<u>62,603,114</u>
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General Plant Account

Invested in Capital Assets	17,010,266
Unrestricted	<u>(3,150)</u>

Total General Plant Account	<u>17,007,116</u>
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**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 7 - Net Position (Concluded)**

Student Housing Account		
Invested in Capital Assets	\$ 1,797,501	
Unrestricted	<u>(715,359)</u>	
Total Student Housing Account		<u>1,082,142</u>
Enterprise Center Account		
Invested in Capital Assets	848,743	
Unrestricted	<u>224,008</u>	
Total Enterprise Center Account		<u>1,072,751</u>
<b>Total Net Position</b>		<u><u>\$ 88,000,525</u></u>

**Note 8 - Scholarships**

Foundation scholarships are awarded to individuals according to the stipulations placed on the scholarship by the donor or the Foundation. Scholarships are awarded to eligible students through the College Financial Aid Office and certified by the Director of Financial Aid when the requirements in the Donor Letter of Understanding are satisfied.

Scholarship expense was recognized in the following accounts during the year ended December 31, 2015:

From Endowment Accounts		\$ 769,496
From Restricted Accounts		64,797
From Unrestricted Accounts		<u>91,350</u>
<b>Total</b>		<u><u>\$ 925,643</u></u>

**Note 9 - Academic Program Support**

The Foundation expended a total of \$351,467 for academic program support. In 1994, the Foundation began an endowed chairs program. The endowed chair expenditures represent a majority of academic program support expense:

From Endowment Accounts		\$ <u>219,006</u>
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All chairs are funded from endowed investment earnings. Currently, there are five endowed chair categories:

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

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 10 - Support from College of Central Florida**

All employees of the Foundation are considered employees of the College. All salaries, benefits, retirement benefits through the Florida Retirement System and payroll taxes are paid by the College. The Foundation agreed to reimburse the College for a portion of such payroll expenses for the year ended December 31, 2015, based on a memorandum of understanding. Actual expenses of \$595,988 exceeded the payments of \$175,813 made by the Foundation, of which \$420,175 is included as support from College of Central Florida and personnel expenses in the statement of revenues, expenses, and changes in net position.

**Note 11 - Matching Funds Program**

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

**Note 12 - Long-term Liabilities**

The Foundation's long-term liabilities include advances, bonds payable, and gift annuities. The following is a schedule of changes in the Foundation's noncurrent liabilities for the fiscal year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<b>Governmental-type Activities</b>					
Long-term Advances from					
The College	\$ 1,080,343	\$ 0	\$ 100,000	\$ 980,343	\$ 100,000
Enterprise Center Revenue					
Bonds	1,365,006	0	115,002	1,250,004	130,002
Gift Annuity	<u>143,496</u>	<u>0</u>	<u>5,632</u>	<u>137,864</u>	<u>16,421</u>
<b>Total Noncurrent Liabilities</b>	<u>\$ 2,588,845</u>	<u>\$ 0</u>	<u>\$ 220,634</u>	<u>\$ 2,368,211</u>	<u>\$ 246,423</u>

*Advances from College of Central Florida*—During December 2003, the Foundation agreed to legally obligate itself to the College in the form of an uncollateralized, noninterest bearing advance to assist with unfunded debt service and operating costs associated with College Square, the student housing complex constructed by the Foundation in 1994. The cumulative total of these advances totaled \$1,180,343 of which the Foundation and the College worked out a repayment plan and began repayment in 2014, the date that the long-term debt associated with the project is paid in full. During 2015, the Foundation imputed interest on the balance outstanding at the rate of 3.25%, the prime rate at December 31, 2015.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 12 - Long-term Liabilities (Concluded)**

Following is a debt service schedule of these advances for the year ended December 31, 2015:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 100,000	\$ 0	\$ 100,000
2017	100,000	0	100,000
2018	100,000	0	100,000
2019	100,000	0	100,000
2020	100,000	0	100,000
2021-2024	<u>480,343</u>	<u>0</u>	<u>480,343</u>
<b>Total Debt Service</b>	<b><u>\$ 980,343</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 980,343</u></b>

**Enterprise Center Revenue Bonds**

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

Amount of Bonds Refinanced	\$1,800,000
Amount of Bonds Issued	\$2,000,000
Interest Rate	4.125% fixed for five years; adjusted to 4.2% in June 2015, rate may be adjusted in succeeding five-year term through 2023 to reflect current market interest rates.
Repayments Terms	Monthly Payments of Principal and Interest.
Security	First mortgage on real property consisting 25,400 sq. ft. office building; first lien on personal property; assignments of rent, contracts, and leases.
Bondholder	Community Bank & Trust of Florida

Following is a debt service schedule of the bonds to maturity based on the rate in effect for the year ended December 31, 2015:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 130,002	\$ 50,795	\$ 180,797
2017	145,002	44,913	189,915
2018	154,998	38,543	193,541
2019	165,000	31,747	196,747
2020	175,002	24,526	199,528
2021-2023	<u>480,000</u>	<u>26,922</u>	<u>506,922</u>
<b>Total Debt Service</b>	<b><u>\$ 1,250,004</u></b>	<b><u>\$ 217,446</u></b>	<b><u>\$ 1,467,450</u></b>

**Note 13 - Line of Credit**

The Foundation has a \$100,000 line of credit with Regions Bank. The outstanding balance at December 31, 2015, is \$0. The interest rate is the bank's prime rate (3.25% at December 31, 2015) and the line expires August 28, 2017.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Continued)*

**Note 14 - Operating Lease**

The Foundation leases utility and maintenance services from The College of Central Florida. Utility and maintenance expense under the lease agreement for the year ended December 31, 2015, was \$183,642.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 189,151
2017	194,826
2018	200,671
2019	206,691
2020	212,891
2021-2024	<u>917,378</u>
<b>Total</b>	<b><u>\$ 1,921,608</u></b>

**Note 15 - Insurance Policies**

The Foundation is the owner of four life insurance policies that have cash surrender values totaling \$29,159.

**Note 16 - Risk Management**

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

Workers' Compensation	Property Damage
Liability	Health

**Note 17 - Annual Fund and Major Gifts Campaign**

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

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

Pledges Receivable, December 31, 2014, Gross	\$ 56,966
Additions	332,526
Payments Received	(171,507)
Current-year Write-offs	<u>(4,519)</u>
<b>Pledges Receivable, December 31, 2015, Gross</b>	<b>213,466</b>
Allowance for Uncollectible Pledges	<u>(17,077)</u>
<b>Pledges Receivable, December 31, 2015</b>	<b><u>\$ 196,389</u></b>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
*(Concluded)*

**Note 17 - Annual Fund and Major Gifts Campaign (Concluded)**

Shown in the financial statements as:

Current	\$ 156,389
Noncurrent	<u>40,000</u>
<b>Total</b>	<b><u>\$ 196,389</u></b>

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

**Note 18 - Contingent Liabilities**

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

The Foundation recently received informal notification from a donor's estate that prior to the death of one of the two donors, the beneficiary of the charitable remainder trust was changed to no longer include the Foundation as a beneficiary. The original irrevocable designation of the Foundation as a beneficiary of the trust occurred in 1997 and was matched with 2/3 state matching funds around that time. Scholarships have been issued since then from the state matching funds portion of the gift.

To be eligible to receive the state matching funds the donor had to irrevocably designate the Foundation as a beneficiary of the trust and Foundation legal counsel believes that the irrevocable designation of the Foundation as a beneficiary of the trust is indeed irrevocable and cannot be changed. The Foundation will be engaging in further discussions with the donor's estate seeking further documentation and clarification of the donor's actions regarding this matter.

The Foundation continues to carry the remainder interest in the trust of \$223,758 and the \$224,999 of state matching funds and earnings as assets in the accompanying financial statements until the matter has been resolved.

**SUPPLEMENTARY INFORMATION**

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2015**

	Enterprise Fund						Total
	Operating		Endowment Account	General Plant Account	Student Housing Account	Enterprise Center Account	
	Unrestricted Account	Restricted Account					
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 1,240,238	\$ 1,085,283	\$ 0	\$ 0	\$ 323,806	\$ 227,114	\$ 2,876,441
Pledges Receivable, Current Portion, Net	0	156,389	0	0	0	0	156,389
Prepaid Expenses and Other Current Assets	14,006	0	18,532	0	250	2,293	35,081
<b>Total Current Assets</b>	<u>1,254,244</u>	<u>1,241,672</u>	<u>18,532</u>	<u>0</u>	<u>324,056</u>	<u>229,407</u>	<u>3,067,911</u>
<b>Capital Assets, Net</b>							
Capital Assets Not Being Depreciated	0	0	0	17,009,565	459,640	0	17,469,205
Capital Assets Being Depreciated, Net	0	0	0	701	1,337,861	2,098,747	3,437,309
<b>Total Capital Assets, Net</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,010,266</u>	<u>1,797,501</u>	<u>2,098,747</u>	<u>20,906,514</u>
<b>Noncurrent Assets</b>							
Cash and Cash Equivalents:							
Endowment	0	0	351,164	0	0	0	351,164
Investments	1,305,500	2,083,509	61,920,757	0	0	0	65,309,766
Pledges Receivable, Less Current Portion	0	40,000	0	0	0	0	40,000
Cash Surrender Value of Life Insurance	0	0	29,159	0	0	0	29,159
Land and Property Held for Investment	345,851	0	0	0	0	0	345,851
Charitable Remainder Trusts	0	0	485,310	0	0	0	485,310
Interfund Advances	56,161	(24,117)	(28,894)	(3,150)	0	0	0
<b>Total Noncurrent Assets</b>	<u>1,707,512</u>	<u>2,099,392</u>	<u>62,757,496</u>	<u>(3,150)</u>	<u>0</u>	<u>0</u>	<u>66,561,250</u>
<b>Total Assets</b>	<u>\$ 2,961,756</u>	<u>\$ 3,341,064</u>	<u>\$ 62,776,028</u>	<u>\$ 17,007,116</u>	<u>\$ 2,121,557</u>	<u>\$ 2,328,154</u>	<u>\$ 90,535,675</u>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF NET POSITION BY ACCOUNT**  
**DECEMBER 31, 2015**  
*(Concluded)*

	<b>Enterprise Fund</b>						<b>Total</b>
	<b>Operating</b>		<b>Endowment</b>	<b>General</b>	<b>Student</b>	<b>Enterprise</b>	
	<b>Unrestricted</b>	<b>Restricted</b>					
<b>LIABILITIES</b>	<b>Account</b>	<b>Account</b>	<b>Account</b>	<b>Plant</b>	<b>Housing</b>	<b>Center</b>	<b>Account</b>
<b>Current Liabilities</b>							
Accounts Payable and Accrued Expenses	\$ 39,218	\$ 0	\$ 33,450	\$ 0	\$ 2,677	\$ 131	\$ 75,476
Scholarships Payable	0	0	1,600	0	0	0	1,600
Interest Payable on Bonds	0	0	0	0	0	4,521	4,521
Escrow - Housing Deposits	0	0	0	0	56,395	0	56,395
Unearned Revenue	28,200	0	0	0	0	747	28,947
Line of Credit Payable	0	0	0	0	0	0	0
Current Portion of Advances from College of Central Florida	0	0	0	0	100,000	0	100,000
Current Portion of Gifts Annuity Payable	0	0	16,421	0	0	0	16,421
Current Portion of Bonds Payable	0	0	0	0	0	130,000	130,000
<b>Total Current Liabilities</b>	<b>67,418</b>	<b>0</b>	<b>51,471</b>	<b>0</b>	<b>159,072</b>	<b>135,399</b>	<b>413,360</b>
<b>Long-term Liabilities</b>							
Long-term Portion of Advances from College of Central Florida	0	0	0	0	880,343	0	880,343
Gift Annuity Payable	0	0	121,443	0	0	0	121,443
Bonds Payable, Less Current Portion	0	0	0	0	0	1,120,004	1,120,004
<b>Total Long-term Liabilities</b>	<b>0</b>	<b>0</b>	<b>121,443</b>	<b>0</b>	<b>880,343</b>	<b>1,120,004</b>	<b>2,121,790</b>
<b>Total Liabilities</b>	<b>67,418</b>	<b>0</b>	<b>172,914</b>	<b>0</b>	<b>1,039,415</b>	<b>1,255,403</b>	<b>2,535,150</b>
<b>NET POSITION</b>							
<b>Net Position</b>							
Net Investment in Capital Assets	0	0	0	17,010,266	1,797,501	848,743	19,656,510
Restricted :							
Nonexpendable	0	0	54,536,517	0	0	0	54,536,517
Expendable	0	3,341,064	0	0	0	0	3,341,064
Unrestricted	2,894,338	0	8,066,597	(3,150)	(715,359)	224,008	10,466,434
<b>Total Net Position</b>	<b>\$ 2,894,338</b>	<b>\$ 3,341,064</b>	<b>\$ 62,603,114</b>	<b>\$ 17,007,116</b>	<b>\$ 1,082,142</b>	<b>\$ 1,072,751</b>	<b>\$ 88,000,525</b>

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise Fund						Total
	Operating		Endowment Account	General	Student	Enterprise	
	Unrestricted Account	Restricted Account		Plant Account	Housing Account	Center Account	
<b>Operating Revenue</b>							
Private Contributions	\$ 27,283	\$ 544,612	\$ 0	\$ 10,300	\$ 0	\$ 0	\$ 582,195
Change in Pledges Receivable	0	(17,039)	0	0	0	0	(17,039)
Rental Income and Fees	45,446	0	0	0	810,745	359,900	1,216,091
Investment Income	(4,218)	13,638	82,910	0	0	0	92,330
Special Events	149,015	3,068	0	0	0	0	152,083
<b>Total Operating Revenue</b>	<b>217,526</b>	<b>544,279</b>	<b>82,910</b>	<b>10,300</b>	<b>810,745</b>	<b>359,900</b>	<b>2,025,660</b>
<b>Operating Expenses</b>							
Program Services:							
Donor Relations	116,281	3,332	0	0	0	0	119,613
Institutional Support	67,094	160,993	251,200	0	0	0	479,287
Scholarships	0	64,798	769,495	0	91,350	0	925,643
Academic Program Support	0	0	351,467	0	0	0	351,467
Special Events	205,194	0	0	0	0	0	205,194
Student Housing	0	0	0	0	571,923	0	571,923
Enterprise Center	0	0	0	0	0	269,358	269,358
<b>Total Program Services</b>	<b>388,569</b>	<b>229,123</b>	<b>1,372,162</b>	<b>0</b>	<b>663,273</b>	<b>269,358</b>	<b>2,922,485</b>
<b>Supporting Services</b>							
General Administration	725,761	966	5,711	62	0	0	732,500
<b>Total Support Services</b>	<b>725,761</b>	<b>966</b>	<b>5,711</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>732,500</b>
<b>Total Operating Expenses</b>	<b>1,114,330</b>	<b>230,089</b>	<b>1,377,873</b>	<b>62</b>	<b>663,273</b>	<b>269,358</b>	<b>3,654,985</b>
<b>Operating Income (Loss)</b>	<b>\$ (896,804)</b>	<b>\$ 314,190</b>	<b>\$ (1,294,963)</b>	<b>\$ 10,238</b>	<b>\$ 147,472</b>	<b>\$ 90,542</b>	<b>\$ (1,629,325)</b>

See accompanying notes.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC - OCALA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
*(Concluded)*

	<b>Enterprise Fund</b>						<b>Total</b>
	<b>Operating</b>		<b>Endowment Account</b>	<b>General Plant Account</b>	<b>Student Housing Account</b>	<b>Enterprise Center Account</b>	
	<b>Unrestricted Account</b>	<b>Restricted Account</b>					
<b>Nonoperating Revenue (Expense)</b>							
Interest Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ (32,236)	\$ (55,093)	\$ (87,329)
Support from College of Central Florida	337,378	0	0	0	31,860	0	369,238
<b>Total Nonoperating Revenue (Expense)</b>	<u>337,378</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(376)</u>	<u>(55,093)</u>	<u>281,909</u>
<b>Change in Net Position Before Endowment Contributions and Transfers</b>	<u>(559,426)</u>	<u>314,190</u>	<u>(1,294,963)</u>	<u>10,238</u>	<u>147,096</u>	<u>35,449</u>	<u>(1,347,416)</u>
<b>Endowment Contributions and Transfers</b>							
Private Endowment Contributions	0	0	443,467	0	0	0	443,467
Interfund Transfers	(296,401)	15,520	(192,166)	0	323,047	150,000	0
Endowment Reinvestment Fees	844,022	0	(844,022)	0	0	0	0
<b>Total Endowment Contributions and Transfers</b>	<u>547,621</u>	<u>15,520</u>	<u>(592,721)</u>	<u>0</u>	<u>323,047</u>	<u>150,000</u>	<u>443,467</u>
<b>Change in Net Position</b>	(11,805)	329,710	(1,887,684)	10,238	470,143	185,449	(903,949)
<b>Net Position, Beginning of Year</b>	<u>2,906,143</u>	<u>3,011,354</u>	<u>64,490,798</u>	<u>16,996,878</u>	<u>611,999</u>	<u>887,302</u>	<u>88,904,474</u>
<b>Net Position, End of Year</b>	<u>\$ 2,894,338</u>	<u>\$ 3,341,064</u>	<u>\$ 62,603,114</u>	<u>\$ 17,007,116</u>	<u>\$ 1,082,142</u>	<u>\$ 1,072,751</u>	<u>\$ 88,000,525</u>

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF  
THE UNITED STATES; INFORMATION REQUIRED BY THE  
UNIFORM GUIDANCE; AND *RULES OF THE*  
*AUDITOR GENERAL OF THE STATE OF FLORIDA***

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

\* Per OMB Circular A-133, the cumulative balance of federal awards for endowment funds are considered awards expended in each year in which the funds are still restricted. The restriction of endowment funds expires in 2017.

**Note 1 - Summary of Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the basic financial statements.

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

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

Board of Directors  
College of Central Florida Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the College of Central Florida Foundation, Inc. (the Foundation), a component unit of the College of Central Florida, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated June 15, 2016.

**Internal Control over Financial Reporting**

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

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

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

**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

**Certified Public Accountants**

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

Board of Directors  
College of Central Florida Foundation, Inc.

**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 (Concluded)**

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 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.

*Durvis, Gray and Company, LLP*

June 15, 2016  
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
College of Central Florida Foundation, Inc.

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

We have audited the College of Central Florida Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2015. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

**Certified Public Accountants**

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

Board of Directors  
College of Central Florida Foundation, Inc.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE  
(Concluded)**

**Report on Internal Control over Compliance**

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

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

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

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

*Purvis, Gray and Company, LLP*

June 15, 2016  
Ocala, Florida

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. **Summary of Audit Results**

I. **Type of Audit Report Issued on Financial Statements**

Unmodified Opinion

II. **Significant Deficiencies and/or Material Weaknesses in Internal Control**

No significant deficiencies related to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements of the College of Central Florida Foundation, Inc. No material weaknesses were identified.

III. **Noncompliance Material to Auditee Financial Statements**

No instances of noncompliance material to the financial statements of the Foundation were disclosed during the audit.

IV. **Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Awards Programs**

No significant deficiencies relating to the audit of the major federal programs are reported in the report on compliance with requirements applicable to each major federal program and on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). No material weaknesses were identified.

V. **Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Awards Programs**

Unmodified Opinion

VI. **Audit Findings Relative to the Uniformed Guidance**

The audit disclosed no findings related to federal programs required to be disclosed under the Uniformed Guidance.

VII. **Major Federal Program**

Federal Program:

- CFDA No. 84.031, Endowment Grant, Title III, Higher Education Act of 1965

VIII. **Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs**

\$750,000 for Federal Programs for Type A Programs.

**COLLEGE OF CENTRAL FLORIDA FOUNDATION, INC. - OCALA, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**IN ACCORDANCE WITH THE UNIFORM GUIDANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
*(Concluded)*

1. **Summary of Audit Results** *(Concluded)*

IX. **Auditee Qualification as Low-risk Auditee**

The auditee qualifies as a low-risk auditee pursuant to Uniform Guidance.

2. **Findings Related to the Financial Statements Required to be Reported Under GAGAS**

No matters were reported.

3. **Federal Award Findings and Questioned Costs**

No matters were reported.

4. **Other Matters**

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings.

A Corrective Action Plan is not required because there are no current year findings related to federal awards.

No management letter is required because there were no findings required to be reported in a management letter.