

## Management’s Discussion and Analysis

The Management’s Discussion and Analysis (“MD&A”) provides an overview of the financial position and activities of Florida State College at Jacksonville Foundation, Inc. (the “Foundation”) for the years ended September 30, 2020 and 2019, and should be read in conjunction with the financial statements and related notes.

The Foundation is a direct-support organization and a component unit of Florida State College at Jacksonville (the “College”), a governmental agency. The Foundation’s mission is to secure financial resources for Florida State College at Jacksonville to provide students in need access to an affordable, quality education and to enhance the lives and the economic development of Northeast Florida.

The Foundation’s financial statements are presented on an accrual basis, which includes (1) assets and liabilities as current and noncurrent; (2) revenues and expenses as operating and non- operating; (3) the use of the direct method for the statement of cash flows; and (4) management’s discussion and analysis of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

Pursuant to *GASB Statement No. 35*, the Foundation’s financial report consists of these basic financial statements:

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

### ***Financial Highlights***

	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
Contributions	<b>\$ 1,172,357</b>	\$ 936,219	\$ 931,102
Permanent endowments (included)	<b>99,107</b>	168,240	94,452
Scholarships	<b>768,885</b>	691,665	535,716
Artist Series – Net operating income	<b>517,845</b>	225,387	216,406
Patron contributions (included)	<b>470,088</b>	297,107	209,722
Unearned ticket revenue	<b>7,999,939</b>	8,070,046	2,896,560
Net appreciation in investments	<b>2,799,774</b>	2,261,364	3,874,411
Net investment income	<b>(55,468)</b>	513,502	551,054
Change in net position	<b>1,411,750</b>	1,691,212	3,452,527
Net position, end of year	<b>57,996,316</b>	56,584,566	54,893,354

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The \$7,999,939 in unearned ticket revenue for the Artist Series is a result of advance ticket sales for the upcoming 2021 season, which typically starts in November/December. These advance ticket sales speak to the high renewal rate of the Artist Series' annual subscribers and continued community interest in the various shows that are presented.

Cash contributions to the Foundation for the years ended September 30, 2020 and 2019, include major gifts greater than \$50,000 from donors such as the Chartrand Family Foundation, First Florida Credit Union, and The Players Championship.

State of Florida Grant Programs (Dr. Philip Benjamin Matching). At September 30, 2020 and 2019, the Foundation had \$14.8 million and 12.2 million, respectively, of state matching funds for eligible donations (which are temporarily suspended) that may be funded by the State at a future date.

First Generation Matching Grant Program provided additional scholarship funding. Approved by the Florida Legislature, the program provides state matching funds for unrestricted contributions received by the Foundation and dedicated for this purpose at the sole discretion of the Foundation. In fiscal year 2020, the Foundation received \$82,400 of private contributions and a 100% state match allotment on those funds. The primary purpose of the program is to provide scholarship opportunities to students who are first-generation college students in their family.

***Statements of Net Position***

The purpose of the Statements of Net Position is to present the Foundation's financial condition as of the end of the fiscal year. The Statements of Net Position will enable the reader to determine the Foundation's ability to continue its operations, amounts owed to vendors and creditors, and the assets that are available to pay expenditures of the Foundation.

The following represents a condensed statements of net position and the changes in the Foundation's assets, liabilities and net position:

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**Condensed Statements of Net Position**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>FY 20-19 Change</u>	<u>FY 19-18 Change</u>
<b>Assets</b>					
Current	\$ 10,349,819	\$ 9,813,048	\$ 4,184,045	\$ 486,771	\$ 5,629,002
Noncurrent	<u>57,625,971</u>	<u>55,502,029</u>	<u>53,833,065</u>	<u>2,123,942</u>	<u>1,616,412</u>
Total assets	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 58,017,110</u>	<u>\$ 2,660,713</u>	<u>\$ 7,245,414</u>
<b>Liabilities</b>					
Total liabilities	<u>\$ 9,979,474</u>	<u>\$ 8,730,511</u>	<u>\$ 3,123,756</u>	<u>\$ 1,248,963</u>	<u>\$ 5,809,372</u>
<b>Net Position</b>					
Restricted by donors	2,147,014	2,049,693	2,603,027	97,321	(553,334)
Permanent endowments	26,312,399	25,865,924	24,731,221	446,475	1,134,703
Unrestricted:					
Board appropriated	27,927,915	27,116,407	26,848,101	811,508	268,306
Unappropriated	<u>1,608,988</u>	<u>1,552,542</u>	<u>711,005</u>	<u>56,446</u>	<u>841,537</u>
Total net position	<u>57,996,316</u>	<u>56,584,566</u>	<u>54,893,354</u>	<u>1,411,750</u>	<u>1,436,042</u>
Total liabilities and net position	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 58,017,110</u>	<u>\$ 2,660,713</u>	<u>\$ 7,245,414</u>

**Current assets**

The increase in current assets in the current fiscal year is largely due to accounts receivable due from the College of \$8,228,966 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2021 Artist Series season.

The increase in current assets in the prior fiscal year is largely due to accounts receivable due from the College of \$7,875,996 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2020 Artist Series season

**Noncurrent assets**

The 3% increase in investments from \$55.3 million to \$57 million is due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2020, as was the 3% increase in investments from \$53.6 million to \$55.3 million is due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2019. A more detailed breakdown of the Foundation's investments may be found in Notes 3, 4, 5, and 6 which are an integral part of these financial statements.

**Liabilities**

Total liabilities from the 2019 period to 2020 period increased by 14%, from \$8.7 million to \$9.9 million and can be ascribed to an increase in unearned pledge revenue. Total liabilities from the 2018 period to 2019 period increased by 185%, from \$3.1 million to \$8.7 million and can be largely ascribed to an increase in unearned ticket revenues associated with Artist Series' activities.

### ***Net position***

Net position at September 30, 2020 totaled \$58 million, an increase of \$1.4 million, or 2.5% from total net position of \$56.5 million as of September 30, 2019.

Net position at September 30, 2020 totaled \$56.5 million, an increase of \$1.6 million, or 3% from total net position of \$54.9 million as of September 30, 2019. Net position consists of two categories as follows:

1) Restricted assets consist of the following:

- Restricted by donors - expendable represents amounts which are available for spending in accordance with the donor's specified criteria; and
- Quasi endowments - expendable represents assets restricted by the Foundation as matching funds for the Dr. Philip Benjamin Matching Grant Program and for the Foundation's operational needs; and
- Permanent endowments - nonexpendable represents the Foundation's restricted nonexpendable endowment funds which are required to be held in perpetuity.

2) Unrestricted assets represent amounts available to the Foundation for operational purposes in support of its mission.

### ***Statements of Revenues, Expenses, and Changes in Net Position***

The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to provide the details of the operating and non-operating activities for the fiscal year. This includes the revenues displayed by major source, expenses, and gains and losses received or incurred by the Foundation.

The Statements of Revenues, Expenses, and Changes in Net Position includes the following categories:

- Operating Revenues are revenues received from donor cash and noncash contributions, in-kind support from the College, grants and other program revenues.
- Operating Expenses represent expenses incurred for goods and services provided in return for the operating revenues to carry out the mission of the Foundation. Operating expenses include scholarships to College students, salaries and benefits, institutional and program support to the College, education programs, and management and general expenses supporting the Foundation operations, exclusive of Artist Series activities.
- Net Operating Income/(Loss) represents the amount of operating revenues in excess of the year's operating expenses and does not include non-operating revenue.
- Artist Series Activities represents revenues and expenses related to the Foundation's Artist Series events, shows and other activities.
- Non-operating Revenues represents amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.
- Additions to Endowments represent contributions received for permanent endowments.

The change in net position is the result of the fiscal year's excess of revenues over expenses.

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In summary, the Foundation is structured as follows:

**Fund Development:** Solicitation of donors for endowed and non-endowed contributions for scholarships, programs, and other needs of the College.

**Foundation Support:** Financial accounting, investment administration and operations support for the Foundation. The allocation of funds allocations is also determined therein.

**Artist Series:** Production of Broadway shows and performing arts programs from which the Foundation receives the net operating income at the end of the Series season.

**Non-Operating Revenues (Expenses):** Amounts received from sources for which no services are provided by the Foundation, e.g., investment income from endowed and other investments.

**Additions to Endowments:** Contributions received for permanent endowments.

**Condensed Statements of Revenue, Expenses and Changes in Net Position**

	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>FY 20-19 Change</u>	<u>FY 19-18 Change</u>
<b>Fund Development</b>					
Revenues	\$ 653,404	\$ 840,385	\$ 1,081,370	\$ (186,981)	\$ (240,985)
Program services	(1,758,747)	(1,371,278)	(1,330,465)	387,469	(40,813)
Foundation support	<u>(844,165)</u>	<u>(946,388)</u>	<u>(991,701)</u>	<u>(102,223)</u>	<u>45,313</u>
Operating (loss)	<u>(1,949,508)</u>	<u>(1,477,281)</u>	<u>(1,240,796)</u>	<u>(472,227)</u>	<u>(236,487)</u>
<b>Artist Series</b>					
Revenues from shows	8,252,827	6,160,342	8,349,876	2,092,485	(2,189,534)
Expenses of shows	<u>(7,734,982)</u>	<u>(5,934,955)</u>	<u>(8,133,470)</u>	<u>(1,800,027)</u>	<u>2,198,515</u>
Net activities	<u>517,845</u>	<u>225,387</u>	<u>216,406</u>	<u>292,458</u>	<u>8,981</u>
Net investment Income	<u>2,744,306</u>	<u>2,774,866</u>	<u>4,382,465</u>	<u>(30,560)</u>	<u>(1,607,599)</u>
Changes in net position before contributions to permanent endowments	<u>1,312,643</u>	<u>1,522,972</u>	<u>3,358,075</u>	<u>(210,329)</u>	<u>(1,835,105)</u>
Contribution to permanent endowments	<u>99,107</u>	<u>168,240</u>	<u>94,452</u>	<u>(69,133)</u>	<u>(73,788)</u>
Total net position	<u>\$ 57,996,316</u>	<u>\$ 56,584,566</u>	<u>\$ 54,893,354</u>	<u>\$ 1,411,750</u>	<u>\$ 1,691,210</u>

The Statement of Revenues, Expenses and Changes in Net Position is presented as part of the basic financial statements. For the years ended September 30, 2020 and 2019, the Foundation's increase in net position before contributions to endowments were \$1.3 and \$1.5 million, respectively, primarily due to the increase in market values for investments.

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***Fund development***

For the years ended September 30, 2020 and 2019, the Foundation received major gifts from donors such as the Florida Blue Foundation, the Weaver Foundation, the Chartrand Family Foundation, First Florida Credit Union, and The Players Championship.

Beginning July 1, 2019, the Foundation assumed responsibility for one-half salary and benefit costs of the Foundation staff, and certain operational costs. In addition, beginning July 1, 2020, the Foundation assumed responsibility for all costs of the Foundation staff, and certain operational costs. For the year ended September 30, 2019, the Foundation received in-kind support from the College in the amount \$211,812, respectively, in relation to salaries and benefits. No amount was received for the year ended September 30, 2020.

***Artist Series***

The Artist Series had \$7,999,939 in advanced ticket sales for the 2021 season, a decrease of \$70,108 from the previous year end 2020 season.

The Artist Series had \$8,070,047 in advanced ticket sales for the 2020 season, an increase of \$5,173,486 from the previous year end 2019 season.

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$517,845 for the year ended September 30, 2020, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

The Artist Series is a self-sustaining auxiliary service and, as such, receives no in-kind support from the College for any expenses, including the salaries and benefits of its staff. The net income of \$225,387 for the year ended September 30, 2019, resulted in an amount due from the College which is remitted to the Foundation from the College's resources.

***Non-operating revenues and expenses***

**Year Ended September 30, 2020**

Non-operating Revenues/Expenses totaled a \$2.7 million net gain, which includes interest and dividend, net of investment fees loss of \$55,468. Investment gains of \$2.8 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

**Year Ended September 30, 2019**

Non-operating Revenues/Expenses totaled a \$2.8 million net gain, which includes interest and dividend, net of investment income of \$513,502. Investment gains of \$2.3 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

***Additions to endowments***

**Year Ended September 30, 2020**

Permanent Endowments. The Foundation received \$99,107 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2020.

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Year Ended September 30, 2019

Permanent Endowments. The Foundation received \$168,240 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2019.

**Statements of Cash Flows**

The Statements of Cash Flows provides certain information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents and indicates the cash provided by and used for operating, capital and related financing activities, and investing activities.

**Operating Activities** include funds received from private donors, projects, grants and other sources, and Artist Series activities and payments made to employees, suppliers for goods and services, and the College for programs, institutional and facilities support for Foundation operations.

**Noncapital Financing Activities** include funds received from donors for contributions to permanent endowments.

**Investing Activities** represent funds used to purchase investments and funds received from proceeds of investment sales, interest and dividends, and distributions from private equity funds.

**Capital Assets**

The Foundation had no capital assets at September 30, 2020 or 2019.

**Economic Outlook**

The financial position of the Foundation is directly affected by certain economic conditions of Jacksonville's local economy. Through private and corporate contributions, as well as net operating revenues from Artist Series activities, the Foundation is expected to be able to directly support Florida State College at Jacksonville's efforts to continue providing scholarship support to students, the development of new programs to meet the ever-changing needs of employers and provide a leadership role in educational and community services for Duval and Nassau counties in northeast Florida.

Through the date of this report, the World Health Organization's declaration of the outbreak of COVID-19, a novel strain of Coronavirus, as a pandemic continued. The coronavirus outbreak is affecting operations and revenues across a range of organizations. The extent of the impact of the outbreak on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on Foundation's funding sources, employees and vendors, and governmental, regulatory and private sector responses. The Foundation is responding to these conditions through a number of measures including the modification of its operating budget. The financial statements do not reflect any adjustments as a result of this economic uncertainty.

**Requests for Information**

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Cleve E. Warren, Executive Director  
Florida State College at Jacksonville Foundation, Inc.  
501 West State Street, Suite 104  
Jacksonville, Florida 32202

Florida State College at Jacksonville Foundation, Inc. and Subsidiary  
 Statements of Net Position  
 September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,376,402	\$ 1,317,614
Pledges receivable, current	697,088	200,000
Due from Florida State College at Jacksonville	8,228,966	7,875,996
Prepaid expenses	98,045	419,438
Total current assets	<u>10,400,501</u>	<u>9,813,048</u>
Noncurrent assets:		
Pledges receivable long-term, net	573,143	146,892
Investments, fair value	56,886,780	55,242,999
Artwork	23,675	23,675
Restricted cash, agency endowment	91,691	88,463
Total assets	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Due to Florida State College at Jacksonville	\$ 617,613	\$ 572,001
Unearned revenues	1,270,231	-
Unearned revenues - Artist Series	7,999,939	8,070,047
Total current liabilities	<u>9,887,783</u>	<u>8,642,048</u>
Funds held as agency endowment	<u>91,691</u>	<u>88,463</u>
Total liabilities	<u>9,979,474</u>	<u>8,730,511</u>
Net Position:		
Restricted:		
Restricted by donors - expendable	2,147,014	2,049,693
Permanent endowments - nonexpendable	26,312,399	25,865,924
Unrestricted:		
Board appropriated	27,927,915	27,116,407
Unappropriated	1,608,988	1,552,542
Total net position	<u>57,996,316</u>	<u>56,584,566</u>
Total liabilities and net position	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>

See accompanying notes.