

## 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, 2021 and 2020, 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, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Contributions	<b>\$ 2,541,202</b>	\$ 1,172,357	\$ 936,219
Permanent endowments (included)	<b>144,480</b>	99,107	168,240
Scholarships	<b>791,323</b>	768,885	691,665
Artist Series – Net operating income	<b>2,565,958</b>	517,845	225,387
Patron contributions (included)	<b>328,266</b>	470,088	297,107
Unearned ticket revenue	<b>12,209,589</b>	7,999,939	8,070,046
Net appreciation in investments	<b>16,142,827</b>	2,799,774	2,261,364
Net investment income (loss)	<b>(117,901)</b>	(55,468)	513,502
Change in net position	<b>17,886,426</b>	1,411,750	1,691,212
Net position, end of year	<b>75,882,742</b>	57,996,316	56,584,566

**Florida State College at Jacksonville Foundation  
Management's Discussion and Analysis**

---

The \$12,209,589 in unearned ticket revenue for the Artist Series is a result of advance ticket sales for the upcoming 2022 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, 2021 and 2020, include major gifts greater than \$50,000 from donors such as Bank of America Foundation, Florida Blue Foundation, and Riverside Hospital Foundation.

State of Florida Grant Programs (Dr. Philip Benjamin Matching). At September 30, 2021 and 2020, the Foundation had \$16.4 million and \$14.8 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 2021, the Foundation received \$85,200 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:

Florida State College at Jacksonville Foundation  
Management's Discussion and Analysis

**Condensed Statements of Net Position**

	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>FY 21-20 Change</u>	<u>FY 20-19 Change</u>
<b>Assets</b>					
Current	<b>\$ 18,030,695</b>	\$ 10,400,501	\$ 9,813,048	\$ 7,630,194	\$ 587,453
Noncurrent	<b><u>72,543,682</u></b>	<u>57,575,289</u>	<u>55,502,029</u>	<u>14,968,393</u>	<u>2,073,260</u>
Total assets	<b><u>\$ 90,574,377</u></b>	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 22,598,587</u>	<u>\$ 2,660,713</u>
<b>Liabilities</b>					
Total liabilities	<b><u>\$ 14,691,635</u></b>	<u>\$ 9,979,474</u>	<u>\$ 8,730,511</u>	<u>\$ 4,712,161</u>	<u>\$ 1,248,963</u>
<b>Net Position</b>					
Restricted by donors	<b>5,068,856</b>	2,147,014	2,049,693	2,921,842	97,321
Permanent endowments	<b>33,464,631</b>	26,312,399	25,865,924	7,152,232	446,475
Unrestricted:					
Board appropriated	<b>35,874,999</b>	27,927,915	27,116,407	7,947,084	811,508
Unappropriated	<b><u>1,474,256</u></b>	<u>1,608,988</u>	<u>1,552,542</u>	<u>(134,732)</u>	<u>56,446</u>
Total net position	<b><u>75,882,742</u></b>	<u>57,996,316</u>	<u>56,584,566</u>	<u>17,886,426</u>	<u>1,411,750</u>
Total liabilities and net position	<b><u>\$ 90,574,377</u></b>	<u>\$ 67,975,790</u>	<u>\$ 65,315,077</u>	<u>\$ 22,598,587</u>	<u>\$ 2,660,713</u>

**Current assets**

The increase in current assets in the current fiscal year is largely due to accounts receivable due from the College of \$11,627,991 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 \$8,228,966 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2020 Artist Series season.

**Noncurrent assets**

The 27% increase in investments from \$57 million to \$72.2 million is due largely to an increase in the fair value of certain endowed assets during the year ended September 30, 2021, as was 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. 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 2020 period to 2021 period increased by 47%, from \$9.9 million to \$14.7 million and can be ascribed to an increase in unearned pledge revenue. Total liabilities from the 2019 period to 2020 period increased by 14%, from \$8.7 million to \$9.9 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, 2021 totaled \$75.9 million, an increase of \$17.9 million, or 31% from total net position of \$58 million as of September 30, 2020.

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 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.

Florida State College at Jacksonville Foundation  
Management's Discussion and Analysis

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, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>FY 21-20 Change</u>	<u>FY 20-19 Change</u>
<b>Fund Development</b>					
Revenues	\$ 2,114,897	\$ 653,404	\$ 840,385	\$ 1,481,493	\$ (186,981)
Program services	(1,869,423)	(1,758,747)	(1,371,278)	110,676	387,469
Foundation support	<u>(1,094,412)</u>	<u>(844,165)</u>	<u>(946,388)</u>	<u>250,247</u>	<u>(102,223)</u>
Operating (loss)	<u>(848,938)</u>	<u>(1,949,508)</u>	<u>(1,477,281)</u>	<u>1,120,570</u>	<u>(472,227)</u>
<b>Artist Series</b>					
Revenues from shows	4,778,072	8,252,827	6,160,342	(3,474,755)	2,092,485
Expenses of shows	<u>(2,212,114)</u>	<u>(7,734,982)</u>	<u>(5,934,955)</u>	<u>(5,522,868)</u>	<u>(1,800,027)</u>
Net activities	<u>2,565,958</u>	<u>517,845</u>	<u>225,387</u>	<u>2,048,113</u>	<u>292,458</u>
Net investment Income	<u>16,024,926</u>	<u>2,744,306</u>	<u>2,774,866</u>	<u>13,280,620</u>	<u>(30,560)</u>
Changes in net position before contributions to permanent endowments	<u>17,741,946</u>	<u>1,312,643</u>	<u>1,522,972</u>	<u>16,449,301</u>	<u>(210,329)</u>
Contribution to permanent endowments	<u>144,480</u>	<u>99,107</u>	<u>168,240</u>	<u>45,373</u>	<u>(69,133)</u>
Total net position	<u>\$ 75,882,742</u>	<u>\$ 57,996,316</u>	<u>\$ 56,584,566</u>	<u>\$ 17,906,424</u>	<u>\$ 1,411,750</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, 2021 and 2020, the Foundation's increase in net position before contributions to endowments were \$17.7 and \$1.3 million, respectively, primarily due to the increase in market values for investments.

**Florida State College at Jacksonville Foundation  
Management's Discussion and Analysis**

---

***Fund development***

For the years ended September 30, 2021 and 2020, the Foundation received major gifts from donors such as Bank of America Foundation, Florida Blue Foundation, and Riverside Hospital Foundation.

***Artist Series***

The Artist Series had \$12,209,589 in advanced ticket sales for the 2022 season, an increase of \$4,209,650 from the previous year end 2021 season.

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 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 \$429,485 for the year ended September 30, 2021, 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 \$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.

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

**Year Ended September 30, 2021**

Non-operating Revenues/Expenses totaled a \$16 million net gain, which includes interest and dividend, net of investment fees loss of \$117,901. Investment gains of \$16.1 million are attributed primarily to market value appreciation in the Foundation's investment portfolio.

**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.

***Additions to endowments***

**Year Ended September 30, 2021**

Permanent Endowments. The Foundation received \$144,480 in donor contributions to its permanent endowments. There were no state matching funds received in fiscal 2021.

**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.

### **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, 2021 or 2020.

### **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.

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses.

The COVID-19 pandemic has disrupted the operational and financial performance of the Foundation and there is significant uncertainty in the nature and degree of its continued effects on the Foundation over time. The extent to which it will impact the Foundation going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on the Foundation's employees and vendors, as well as governmental, regulatory, and private sector responses. Further, the pandemic may have a significant impact on management's accounting estimates and assumptions.

### **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.  
 Statements of Net Position  
 September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,868,494	\$ 1,376,402
Pledges receivable, current	1,163,927	697,088
Accounts receivable, net	150,652	-
Due from Florida State College at Jacksonville	11,627,991	8,228,966
Prepaid expenses	<u>219,631</u>	<u>98,045</u>
Total current assets	18,030,695	10,400,501
Noncurrent assets:		
Pledges receivable long-term, net	150,000	573,143
Investments, fair value	72,276,193	56,886,780
Artwork	23,675	23,675
Restricted cash, agency endowment	<u>93,814</u>	<u>91,691</u>
Total assets	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Due to Florida State College at Jacksonville	\$ 1,054,307	\$ 617,613
Unearned revenues	1,333,925	1,270,231
Unearned revenues - Artist Series	<u>12,209,589</u>	<u>7,999,939</u>
Total current liabilities	<u>14,597,821</u>	<u>9,887,783</u>
Funds held as agency endowment	<u>93,814</u>	<u>91,691</u>
Total liabilities	<u>14,691,635</u>	<u>9,979,474</u>
Net Position:		
Restricted:		
Restricted by donors - expendable	5,068,856	2,147,014
Permanent endowments - nonexpendable	33,464,631	26,312,399
Unrestricted:		
Board appropriated	35,874,999	27,927,915
Unappropriated	<u>1,474,256</u>	<u>1,608,988</u>
Total net position	<u>75,882,742</u>	<u>57,996,316</u>
Total liabilities and net position	<u>\$ 90,574,377</u>	<u>\$ 67,975,790</u>

See accompanying notes.