



New College Foundation, Inc.

February 7, 2024

Mauldin & Jenkins, LLC
1401 Manatee Ave West, Suite 1200
Bradenton, Florida 34205

This representation letter is provided in connection with your audit of the financial statements of New College Foundation, Inc., (the "Foundation") a direct supporting organization and component unit of New College of Florida, which comprise the respective financial position of the Foundation as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 7, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 13, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the required supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Foundation required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) The effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the

representation letter. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Foundation's accounts.

- 8) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require disclosure in the financial statements.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance.

Information Provided


- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 19) We have disclosed to you the names of the Foundation's related parties and all the related-party relationships and transactions, including any side agreements.

Foundation-specific

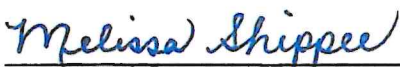
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) The Foundation has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Foundation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 31) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 37) Capital assets are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the Foundation's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We did not expend more than \$750,000 in federal awards.
- 40) With respect to the management discussion and analysis:
 - a) We acknowledge our responsibility for presenting the management discussion and analysis in accordance with accounting principles generally accepted in the United States of America, and we believe the management discussion and analysis, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the management discussion and analysis have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the management discussion and analysis is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 41) We acknowledge we will not utilize Mauldin & Jenkins, LLC to store our documents, data, or records on our behalf in accordance with the "Hosting Services" (see ET section 1.295.143) interpretation of the AICPA Code of Professional Conduct. The Foundation is solely responsible for maintaining its own data and records.
- 42) In that regard, SuraLink is used solely as a method of transferring data to Mauldin & Jenkins, LLC and is not intended for the storage of our information. All information we provided through SuraLink was a copy and we maintain original documents and data as part of our records.

New College Foundation, Inc.



Signature: Sydney Gruters
Title: Executive Director



Signature: Melissa Shippee
Title: Director of Finance

NEW COLLEGE FOUNDATION, INC.
(A Component Unit of New College of Florida)

FINANCIAL STATEMENTS

JUNE 30, 2023

NEW COLLEGE FOUNDATION, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14-27
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	28 and 29



INDEPENDENT AUDITOR'S REPORT

Board of Directors
New College Foundation, Inc.
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New College Foundation, Inc. (the "Foundation"), a component unit of New College of Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, 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 solely 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 the effectiveness of the Foundation's 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 7, 2024

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of New College Foundation, Inc. (the "Foundation") for the fiscal year ended June 30, 2023, with comparative information for fiscal years ending 2022 and 2021, and should be read in conjunction with the financial statements and notes thereto. This report includes financial statements presented and prepared with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) as this is the presentation used in the Foundation's annual financial report. The Foundation's management has prepared the financial statements and related note disclosures along with the discussion and analysis. The responsibility for the completeness and fairness of this information rests with New College Foundation Inc.'s management.

The Foundation is a 501(c)3 organization. The Foundation is a Direct Support Organization and a component unit of New College of Florida. The Foundation converted from reporting under the Financial Accounting Standards Board (FASB) to reporting under GASB as of July 1, 2018, as mandated by the Florida Legislature for all Direct Support Organizations of the 12 State Universities. The mission of the Foundation is to support the priorities of New College of Florida, Florida's designated Honors College. This is accomplished by securing funds as a result of cultivating and stewarding individuals, foundations, and corporations and through the prudent management of assets.

FINANCIAL HIGHLIGHTS

The Foundation's financial position at June 30, 2022 contained total assets of \$47,981,303 and liabilities of \$2,501,181, resulting in a net position of \$45,480,122 at June 30, 2022. Net position decreased from July 1, 2021 to June 30, 2022 by 17.7%.

The Foundation's financial position at June 30, 2023 with total assets of \$49,806,812 and liabilities and deferred inflows of resources of \$1,742,599, resulting in a net position of \$48,064,213 at June 30, 2023. Net position increased from July 1, 2022 to June 30, 2023 by 5.7%.

The Foundation's investments showed a return (net of fees) of approximately (16.2%) from July 1, 2021 to June 30, 2022 and 12.1% from July 1, 2022 to June 30, 2023.

USING THIS ANNUAL REPORT

The financial statements consist of three basic financial statements: (1) the statement of net position; (2) the statement of revenues, expenses, and changes in net position; and (3) the statement of cash flows. These financial statements are prepared in accordance with GASB accounting principles and guidelines, which establish standards for external financial reporting for public colleges, universities, and other governmental entities. The Foundation is required to prepare its annual report in accordance with GASB due to its formation under Florida Statute 1004.70 and the component unit relationship with New College of Florida. These statements present a long-term view of the Foundation's finances.

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

THE STATEMENT OF NET POSITION

The statement of net position presents the financial position of the Foundation at the end of the fiscal year and includes all assets, deferred inflows of resources and liabilities of \$48,064,213. The difference between total assets and total liabilities – net position – is an indicator of the current financial condition of the Foundation. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation.

A summarized comparison of the Foundation's assets, deferred inflows of resources, liabilities and net position at June 30, 2023 and 2022 is presented in the following table:

NET POSITION

	For the years ended	
	June 30, 2023	June 30, 2022
Assets		
Current assets	\$ 6,114,606	\$ 6,947,272
Capital assets, net	1,095,943	1,152,550
Other noncurrent assets	42,596,263	39,881,481
Total assets	\$ 49,806,812	\$ 47,981,303
Liabilities		
Current liabilities	\$ 986,066	\$ 1,622,175
Noncurrent liabilities	546,483	713,124
Total liabilities	\$ 1,532,549	\$ 2,335,299
Deferred inflows of resources	\$ 210,050	\$ 165,882
Net position		
Invested in capital assets	\$ 774,684	\$ 822,658
Restricted	49,392,966	42,797,375
Unrestricted	(2,103,437)	1,860,089
Total net position	48,064,213	45,480,122
Total liabilities, deferred inflows and net position	\$ 49,806,812	\$ 47,981,303

Current assets primarily consist of cash, cash equivalents, accounts receivables and investments. Noncurrent assets consist of net capital assets and endowment investments. A review of the Foundation's statement of net position at June 30, 2023 and June 30, 2022, shows that the Foundation's net position increased by 5.7% from 2022 to 2023.

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

LOANS FROM DIRECT BORROWINGS

In fiscal year 2021, the Foundation incurred a \$340,000 mortgage debt secured by the real estate purchased on the North side of the New College of Florida campus. The mortgage is at 4.5% for five years, adjusted to 3.25% over the treasury rate for the next five years. The term is ten years, and the amortization period is 25 years.

CAPITAL ASSETS

The Foundation capitalizes assets with a value of \$1,000 for financial reporting purposes. As of June 30, 2023, there was \$1,095,943 invested in capital assets net of accumulated depreciation. Capital assets of the Foundation at June 30, 2023 and 2022 are presented in the following table:

CAPITAL ASSETS

Capital assets	For the years ended	
	June 30, 2023	June 30, 2022
Nondepreciable capital assets:		
Real estate	\$ 421,832	\$ 421,832
Total nondepreciable capital assets	\$ 421,832	\$ 421,832
Depreciable capital assets:		
Buildings	\$ 1,520,611	\$ 1,520,611
Equipment	115,772	130,457
Total depreciable capital assets	\$ 1,636,383	\$ 1,651,068
Accumulated depreciation	\$ (962,272)	\$ (920,350)
Capital assets, net of depreciation	\$ 1,095,943	\$ 1,152,550

In fiscal year 2021, the Foundation purchased a piece of real estate for \$425,000 on the North side of the New College campus. The purchase was a house that was previously a personal residence and is being converted to office use. As part of the New College of Florida's growth plan, this purchase is strategic. The property is in a row of ten houses. This property is #6, and New College of Florida through the State of Florida, owns #1-4. As part of the strategic growth plan for New College of Florida, lots #1-6 will provide enough of a footprint, in order to build a building to support the future growth of the university. Currently, #6 is rented by New College of Florida to the Foundation through a lease agreement.

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the Foundation's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A summary of the Foundation's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2023 and 2022 is presented in the following table:

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the years ended	
	June 30, 2023	June 30, 2022
Operating revenues		
Contributions	\$ 1,678,723	\$ 1,914,399
Fundraising support and revenue	519,813	447,978
Other revenue	76,673	98,429
Total operating revenues	2,275,209	2,460,806
Less operating expenses	5,969,411	5,173,148
Operating income (loss)	(3,694,202)	(2,712,342)
Nonoperating revenues		
Investment income, net	269,214	136,940
Unrealized gain (loss) on investments	3,855,455	(8,875,230)
Realized gain (loss) on investments	1,042,402	1,557,426
Changes in value of trust agreements	(30,885)	46,196
Nonoperating income (expense)	5,136,186	(7,134,668)
Gain (loss) before additions to permanent endowments	1,441,984	(9,847,010)
Additions to permanent endowments	1,142,107	42,825
Increase (decrease) in net position	2,584,091	(9,804,185)
Net position, beginning of year	45,480,122	55,284,307
Net position, end of year	\$ 48,064,213	\$ 45,480,122
Increase (decrease) in net position	5.7%	-17.7%

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

Operating revenue from fiscal year 2022 to 2023 decreased by \$185,597. Total gifts, contributions, grants and other income decreased \$235,676 from 2022 to 2023. Additions to permanent endowments increased by \$1,099,282 from 2022 to 2023. Investment income showed a significant increase of \$12,347,935 from 2022 to 2023, which is attributed to general investment market conditions.

In fiscal year 2022, the Foundation received new pledges in the amount of \$200,000. In fiscal year 2023, the Foundation received pledges in the amount of \$300,000.

Overall operating expenses increased by \$796,263 from 2022 to 2023. In total, program support decreased by \$303,385 and scholarship expenses paid to New College of Florida decreased by \$30,808 from fiscal year 2022 to 2023. Both types of expense allocations, program support and scholarships, are funded primarily by endowment earnings in accordance with New College Foundation, Inc. spending policy – awards of up to 3.25%, calculated by using the average of the 20 quarter rolling average balances with the end date of December 31st for each endowment when earnings are available. This decrease in spending from 2022 to 2023 is mainly due to lower spending allocations coming from the endowment.

The Foundation's operating expenses increased \$492,878 from 2022 to 2023. The annual fund campaign initiatives remain a focus of the Foundation. Fundraising expenses increased by \$254,785 in fiscal year 2023.

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides additional information about the Foundation's financial results by reporting the major sources and uses of cash. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A comparative summary of the statement of cash flows for the Foundation for the fiscal years ended June 30, 2023 and 2022 is shown in the following table:

CASH FLOWS

	For the years ended	
	June 30, 2023	June 30, 2022
Cash provided (used) by:		
Operating activities	\$ (4,414,325)	\$ (2,652,969)
Investing activities	2,305,248	1,973,323
Noncapital financing activities	1,142,107	42,825
Capital and related financing	(8,633)	(19,761)
Net increase (decrease) in cash and cash equivalents	(975,603)	(656,582)
Cash and cash equivalents, beginning of the year	6,593,350	7,249,932
Cash and cash equivalents, end of year	\$ 5,617,747	\$ 6,593,350

The Foundation's liquidity remained stable during the reporting year. For the purpose of cash flows, the Foundation considers cash equivalents to include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The following discussion presents an overview of cash flows:

During the fiscal year ended June 30, 2023, cash and cash equivalents decreased by \$975,603. The decrease is due to the general increase in expenses. The Foundation has adequate funds on hand to pay invoices upon demand and approval.

**NEW COLLEGE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(Unaudited)

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic position of the Foundation is closely tied to the needs of New College of Florida and the investment markets for the endowment.

The New College Foundation, Inc.'s Matching Program for New College of Florida was implemented to leverage private donations to New College Foundation, Inc. by providing state matching funds. As of June 29, 2011, the Philip Benjamin Matching program has been suspended per Florida Statute 1011.85. As of fiscal year 2019, the Foundation discounted all unpaid pledges from the State of Florida for the Phillip Benjamin Matching program to a 100% discount.

Investment income plays a key role in generating revenues for the Foundation. Also tied to investment earnings is the ability to provide scholarships and program support New College of Florida through various endowments. The Foundation's investment accounts remain well-diversified and moderately invested, target in, 80% Global Equities, 10% Fixed Income, and 10% Cash per the Foundation's Investment Policy.

The Foundation's Board of Directors and management carefully monitor the status of all endowed funds, particularly those underwater funds in which the total fund balance is less than the corpus, or principal. This deficit can only be overcome through positive investment earnings UPMIFA allows for spending of current interest and dividends. As of June 30, 2023, the Foundation held 68 endowed funds. Of these funds, none were in an underwater status as of the end of the fiscal year due to the temporary investment market conditions.

In fiscal year 2021, the Foundation continued an emphasis on revitalizing the planned giving program, including the establishment of a gift annuity program in December 2019. The Foundation has a total of seven charitable gift annuities, along with new bequest intentions. The Foundation remains committed to the \$1 million at the initiative of the Board, in order to grow the fundraising efforts of the Foundation. As a direct support organization of New College of Florida, the Foundation is committed to the growth plan established by the College and is making major efforts to assist in this growth.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the New College Foundation, Inc.'s finances for all those with an interest in the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sydney Gruters, Vice President of Advancement.

NEW COLLEGE FOUNDATION, INC.

**STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS	
CURRENT ASSETS	
Cash	\$ 5,617,747
Accounts receivable	168,484
Pledge receivable, net	138,500
Beneficial interest in remainder trusts, net	123,388
Prepaid expenses and other assets	66,487
Total current assets	6,114,606
NONCURRENT ASSETS	
Investments	42,430,336
Pledge receivable, net	165,927
Capital assets, net	1,095,943
Total noncurrent assets	43,692,206
TOTAL ASSETS	\$ 49,806,812
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 648,163
Gift annuities payable	10,470
Note payable	8,268
Unearned revenue	319,165
Total current liabilities	986,066
NONCURRENT LIABILITIES	
Gift annuities payable, net of current portion	69,615
Note payable, net of current portion	312,991
Unearned revenue, net of current portion	163,877
Total noncurrent liabilities	546,483
DEFERRED INFLOWS OF RESOURCES	
Gift annuities and charitable remainder unitrust	210,050
NET POSITION	
Net investment in capital assets	774,684
Restricted, nonexpendable, endowment	36,532,875
Restricted, expendable	12,860,091
Unrestricted	(2,103,437)
Total net position	48,064,213
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 49,806,812

See Notes to Financial Statements.

NEW COLLEGE FOUNDATION, INC.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES

Contributions	\$ 1,678,723
Fundraising support and revenue	519,813
Other revenue	76,673
Total operating revenues	2,275,209

OPERATING EXPENSES

Program	
Scholarships and grants	1,663,488
Enhancements for programs	1,637,986
University support	1,185,315
General and administrative	959,474
Fundraising	523,148
Total operating expenses	5,969,411

Operating loss	(3,694,202)
----------------	-------------

NONOPERATING REVENUES (EXPENSES)

Investment income, net	269,214
Unrealized gain on investments	3,855,455
Realized gain on investments	1,042,402
Changes in value of trust agreements	(30,885)
	5,136,186

Gain before permanent endowment contributions	1,441,984
---	-----------

Contributions to permanent endowments	1,142,107
---------------------------------------	-----------

Change in net position	2,584,091
------------------------	-----------

Net position, beginning of the year	45,480,122
-------------------------------------	------------

Net position, end of the year	\$ 48,064,213
-------------------------------	---------------

See Notes to Financial Statements.

NEW COLLEGE FOUNDATION, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from private donors	\$ 1,780,016
Received from other sources	73,691
Payments to University for programs	(4,816,240)
Payments to suppliers for goods and services	(1,451,792)
Net cash used in operating activities	<u>(4,414,325)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income, net	269,214
Proceeds from sale of investments	1,151,242
Purchase of investments	884,792
Net cash provided by investing activities	<u>2,305,248</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Endowment contributions	1,142,107
Net cash provided by noncapital financing activities	<u>1,142,107</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments on notes payable	(8,633)
Net cash used in capital and related financing activities	<u>(8,633)</u>

Net change in cash (975,603)

Cash, beginning of year 6,593,350

Cash, end of year \$ 5,617,747

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (3,694,202)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	56,607
Deferred inflow of resources related to gift annuities	44,168
Changes in assets and liabilities	
Prepaid expenses and other assets	(25,777)
Accounts receivable	(156,372)
Pledges receivable	180,992
Beneficial interest in remainder trusts	(32,288)
Accounts payable and other accrued expenses	(329,451)
Unearned revenue	(458,002)
Net cash used in operating activities	<u>\$ (4,414,325)</u>

Noncash investing activities

Net unrealized gain on investments	<u>\$ 3,855,455</u>
------------------------------------	---------------------

See Notes to Financial Statements.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New College Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized under the laws of the State of Florida and operates exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. The Foundation's mission is to provide aid in the form of money and other forms of property and services to New College of Florida (the "College"). The Foundation also promotes education and encourages learning and dissemination of information about which the College is involved. As of November 3, 2006, the Foundation has elected to organize and operate as a university direct-support organization as defined in Section 1004.28, Florida Statutes. The Foundation is considered a discrete component unit of the College due to the College's budgetary oversight responsibility and due to the Foundation's significant operational and financial relationships with the College.

Basis of Accounting and Presentation

The Foundation's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB).

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Foundation's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers amounts on hand in checking accounts and money market accounts as cash unless held for the purpose of reinvestment. The Foundation considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Realized and unrealized gains and losses are included in the statement of revenues, expenses, and changes in net position. Investment income includes interest and dividend income, net of fees, and is included in the statement of revenues, expenses and changes in net position separate from gains and losses. Investment fees were \$269,299 for the year ended June 30, 2023.

Pledges Receivable

The Foundation accounts for its pledges receivable in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 establishes reporting standards for nonexchange transactions, whereby unrestricted and restricted contributions receivable are recorded in the statement of net position and endowment contributions receivable are excluded from the statement of net position.

Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. Management has deemed all pledges as collectible, therefore no allowance is necessary.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Remainder and Perpetual Trusts

The Foundation's split-interest agreements with donors consist of charitable gift annuities and charitable remainder uni-trusts, which are presented on the statement of net position as gift annuities payable and beneficial interest in remainder trusts. Contributions of split-interest agreements are recorded when the Foundation is informed of the contribution and its interest is irrevocable. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

Trust assets, for which the Foundation has been designated trustee, totaled \$166,747 at June 30, 2023 and are recorded in investments on the statement of net position. The related liabilities under trust agreements totaled \$80,085 at June 30, 2023.

The present values of payments to beneficiaries under these charitable gift annuities are calculated using an applicable tax discount rate at year-end of 4.2% for the year ended June 30, 2023.

Charitable remainder trusts are classified as restricted net position. Once the beneficial interest is passed to the Foundation, the remaining assets are released for unrestricted use. Charitable gift annuities are classified as unrestricted or restricted net position based upon the individual gift agreements as appropriate. Distributions of the annuities are paid from income first then as a release of principal, if necessary.

Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as changes in the value of trust agreements in the statement of revenues, expenses and changes in net position and resulted in a net loss of approximately \$30,885 for the year ended June 30, 2023. The change in the value of trust agreements and the related assets and liabilities are based on estimated maturity of the agreements. Actual results could differ from those estimates.

Unearned Revenue

Amounts received under contracts with third parties are considered unearned revenue until such a time as the Foundation expends amounts on eligible items and recognizes the amount as revenue.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Capital Assets

The Foundation's capital assets consist of land, buildings, furniture, and equipment and are stated at historical cost or acquisition value for donated assets or acquired at nominal cost. The Foundation has a capitalization threshold of \$1,000 for capital assets. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Buildings	40 Years
Equipment	3-5 Years

The Foundation owns real estate received through a gift of approximately 188 acres of land on Tidy Island situated in Manatee County, Florida during the year ended June 30, 1984. The conveyance was subject to deed restrictions including that the land not be built upon and that it be used solely for educational, research and study purposes. This property is used as an outdoor classroom by the New College Environmental Studies Program.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When assets are impaired, asset values are reduced for this impairment. There was no impairment recognized on capital assets for the year ended June 30, 2023.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Foundation has one item that meets the criterion for this category related to gift annuity payments. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Gift Fee

Beginning in July 2010, the Board of Directors implemented a 5% gift fee on most restricted gifts, a 5% gift fee on all restricted planned gifts and a 10% gift fee on all unrestricted planned gifts. The Board of Directors may vote to waive the gift fee at its discretion. The fee is disclosed on all donation literature and is either paid in addition to the gift or as a reduction to restricted gifts. The gift fee is recorded as part of unrestricted contributions on the statement of revenues, expenses and changes in net position.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized as increases in net position when pledged provided all eligibility requirements have been met, with the exception of contributions to endowments which are recognized when received. Assets donated to the Foundation are recorded at their estimated acquisition value at the date of donation. Revenues associated with irrevocable split-interest agreements are recognized when the resources become applicable to the reporting period.

Donated services are only recorded if the services received create or enhance nonfinancial assets or required specialized skills and would typically need to be purchased if not provided by donation. Other volunteer services are not recorded as revenue and expense since they do not create or enhance financial assets or require specialized skills. In-kind donations for services of approximately \$173,033 were recognized in the year ended June 30, 2023, and are included in contributions on the accompanying statement of revenues, expenses and changes in net position.

Net Position

Net position, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net position and changes therein are classified and reported as follows:

Net Investment in Capital Assets – Net investment in capital assets includes capital assets, net of accumulated depreciation and reduced by any outstanding debt balances that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted net position includes funds externally restricted by donors that are expendable and nonexpendable endowments. Expendable includes funds that are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations, or that expire by passage of time. Nonexpendable endowments includes funds subject to donor-imposed stipulations that they be maintained permanently by the Foundation to use all or part of the related investment return for general or specific purposes in support of the College.

Unrestricted – Unrestricted net position includes funds that do not meet the definition of restricted or invested in capital assets.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Tax Status

The Foundation is generally exempt from federal income and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Foundation is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax exempt purpose of the Foundation over the related expenses.

Operating and Nonoperating Activities

The Foundation's operating income includes all revenues and expenses associated with the Foundation's daily activities. Interest and net investment earnings are excluded from operating income and classified as nonoperating revenues. Contributions received for endowments or from state matching funds are also excluded from operating and nonoperating activities and are classified as endowment contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated all subsequent events through February 7, 2024 the date the financial statements were available to be issued.

**NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. COMMITMENTS TO NEW COLLEGE FOR 2022-2023 ACADEMIC YEAR

For the academic year ending June 30, 2023, the Foundation has budgeted to provide direct support to the College as follows:

Academic programs and enhancements	\$	980,099
Endowed chairs, professorships and fellowships		90,827
New College library and library association		19,963
Scholarship and student grants		1,008,649
Other		240,000
		2,339,538
	\$	2,339,538

The Foundation will fulfill this obligation using anticipated endowment income and designated contributions.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. Pledges which are due in excess of one year are discounted to net present value using a discount rate of 4%. Pledges receivable are due to be collected as follows as of June 30, 2023:

Gross amounts due in		
	2024	\$ 138,500
	2025	134,000
	2026	34,000
	2027	5,000
	Total gross pledges	311,500
	Less discount to present value	(7,073)
Total		\$ 304,427

The Foundation maintains an allowance for doubtful accounts for estimated losses resulting from the inability of donors to make pledge payments. Based on management's assessment, the Foundation provides for estimated uncollectible amounts through a charge to earnings and a credit to the valuation allowance. Balances that remain outstanding after the Foundation used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledge receivable. There were no such estimated uncollectible amounts for the year ended June 30, 2023.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is shown as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Real estate	\$ 421,832	\$ -	\$ -	\$ 421,832
Total capital assets not being depreciated	<u>421,832</u>	<u>-</u>	<u>-</u>	<u>421,832</u>
Capital assets being depreciated:				
Buildings	1,520,611	-	-	1,520,611
Equipment	130,457	-	(14,685)	115,772
Total capital assets being depreciated	<u>1,651,068</u>	<u>-</u>	<u>(14,685)</u>	<u>1,636,383</u>
Less accumulated depreciation for:				
Buildings	(803,108)	(49,156)		(852,264)
Equipment	(117,242)	(7,451)	14,685	(110,008)
	<u>(920,350)</u>	<u>(56,607)</u>	<u>14,685</u>	<u>(962,272)</u>
Total capital assets being depreciated, net	<u>730,718</u>	<u>(56,607)</u>	<u>-</u>	<u>674,111</u>
Total capital assets, net	<u>\$ 1,152,550</u>	<u>\$ (56,607)</u>	<u>\$ -</u>	<u>\$ 1,095,943</u>

NOTE 5. RESTRICTED NET POSITION

Expendable restricted net position is restricted for scholarships or other similar purposes and totaled \$12,860,091 for the year ended June 30, 2023.

Nonexpendable restricted net position (endowments) is donor-directed contributions restricted in perpetuity for a variety of purposes to provide support to the College. Nonexpendable restricted net position totaled \$36,532,875 for the year ended June 30, 2023.

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonexpendable restricted net position: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5. RESTRICTED NET POSITION (CONTINUED)

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns and protect the Foundation against long-term inflation trends. The desired investment objective is a long-term real rate of return on assets that is 7.5-8.0%. The target rate of return for the Foundation has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class. The objective is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of annually appropriating for distribution a percentage of its endowment funds based on the average endowment fair value of the three preceding fiscal years, as computed on December 31st. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The spending policy established for the year ended June 30, 2023 was 5.50% (3.25% to the College and 2.25% to the Foundation for an administrative fee). This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 6. RELATED PARTY TRANSACTIONS

Beginning in November 2013, employees of the Foundation became employees of the College, an affiliated entity, and the Foundation began reimbursing the College for the cost of services received from personnel of the College. Salaries and reimbursements to the College totaled \$3,574,626 for the year ended June 30, 2023.

The Foundation received \$173,033 of in-kind services for payroll, grounds maintenance and custodial services for the year ended June 30, 2023.

The Foundation provided direct support to the College in the amount of \$3,301,474 for the year ended June 30, 2023. Of that amount, approximately \$113,059 was provided for a lobbyist.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7. NONCURRENT LIABILITIES

The Foundation manages charitable gift annuities. These annuities are irrevocable split-interest agreements where the Foundation is the remainder interest beneficiary that makes distributions to the annuitant. Noncurrent liabilities consist of gift annuities payable as of June 30, 2023. GASB Statement No. 81 established financial reporting standards for irrevocable split-interest to include assets, liabilities, and deferred inflows of resources. The asset is the market value of resources received; the liability is the present value of future payments to annuitants; the deferred inflow of resources is the difference between the asset and the liability. There is also a portion of unearned revenue that is not expected to be recognized as revenue in the upcoming year.

A summary of the changes in the noncurrent liabilities is as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Unearned revenue	\$ 941,044	\$ -	\$ (458,002)	\$ 483,042	\$ 319,165
Gift annuities payable	86,749	-	(6,664)	80,085	10,470
	<u>\$ 1,027,793</u>	<u>\$ -</u>	<u>\$ (464,666)</u>	<u>\$ 563,127</u>	<u>\$ 329,635</u>

NOTE 8. NOTE PAYABLE

During 2021, the Foundation entered into an agreement with a local financial institution to borrow \$340,000 to acquire real property in Sarasota, Florida. The note payable is due in 60 monthly payments of \$1,902 including interest at 4.50% followed by 59 monthly payments estimated at \$1,773 including interest at the prevailing U.S. Treasury Note Yield plus 3.25% with a balloon payment in February 2031 and is secured by certain real property. The balance on the note from a direct borrowing at June 30, 2023 was \$321,259. Total principal paid during the year ended June 30, 2023 was \$8,633.

Aggregate maturities on the long-term debt at June 30, 2023 are as follows:

	Principal	Interest
2024	\$ 8,268	\$ 14,556
2025	8,693	14,132
2026	9,378	12,932
2027	10,366	10,913
2028	10,733	10,547
2029-2033	273,821	26,043
	<u>\$ 321,259</u>	<u>\$ 89,123</u>

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. FAIR VALUE MEASUREMENTS

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation's policy regarding custodial risk is to hold noninvested cash in a financial institution covered by the Federal Deposit Insurance Corporation (FDIC) not exceeding the limit of FDIC coverage.

Noninvested cash in excess of FDIC coverage will be held in a certified Qualified Public Depository (QPD) as identified by the Florida Security for Public Deposits Act, Chapter 280, Florida Statute. At June 30, 2023, the bank balance was approximately \$2,570,733. Of the bank balance, \$2,320,733 was in excess of the amount covered by the FDIC and thus collateralized under the Florida Security for Public Deposits Act.

The Foundation has an account with the State Treasury Special Purpose Investment Account (SPIA). This account represents ownership of a share of the Florida Treasury Investment Pool, not the underlying securities. At June 30, 2023, the Florida Treasury Investment Pool carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 3.02. At June 30, 2023, the Foundation had cash equivalents of \$3,131,526 with the State Treasury SPIA.

Investments – The Foundation's investment policy allows for investments in domestic equities, international equities, fixed income and alternatives. For fixed income instruments, the Foundation's investment policy allows for investment in domestic, global, U.S. inflation protected, U.S. high yield, emerging market bonds, short-term bonds, multi-sector bonds, unconstrained bonds, and cash equivalents. For alternative instruments, the Foundation's investment policy allows for private equity, absolute return (hedge funds), real assets and commodities.

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

Mutual Funds – The fair value is measured based on quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

Alternative Foreign Equity and Private Equity Funds – These investments are valued using the NAV provided by the administrator of the fund, as a practical expedient. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The NAV is excluded from the valuation hierarchy.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. FAIR VALUE MEASUREMENTS (CONTINUED)

Investments held by the Foundation are reported at fair value and were as follows at June 30, 2023:

	Level 1	Level 2	Level 3	Net Asset Value	Total at June 30, 2023
Investments					
Cash and cash equivalents	\$ 1,130,618	\$ -	\$ -	\$ -	\$ 1,130,618
Mutual funds - fixed income	8,031,373	-	-	-	8,031,373
Mutual funds - equities	164,968	-	-	-	164,968
Domestic equities	18,230,441	-	-	-	18,230,441
International equities	9,575,820	-	-	-	9,575,820
Total mutual funds - fixed income	<u>37,133,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,133,220</u>
Investments at net asset value					
Alternative foreign equity, private equity and other funds	-	-	-	5,297,116	5,297,116
Total investments	<u>\$ 37,133,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,297,116</u>	<u>\$ 42,430,336</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Custodial Credit Risk – The Foundation utilizes the services of an investment advisor and several investment managers to manage its portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The investment in mutual funds are not categorized as to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form. These mutual funds are not rated by a nationally statistical rating organization. There were no losses due to default by counterparties to investment transactions during the year ended June 30, 2023.

As of June 30, 2023, the maturities of the Foundation's fixed income mutual funds were as follows:

	Market Value	Investment Maturities			
		Less than 1 year	1-5 years	5-10 years	Over 10 years
Mutual funds - fixed income	<u>\$ 8,031,373</u>	<u>\$ 1,469,326</u>	<u>\$ 2,094,339</u>	<u>\$ 1,258,373</u>	<u>\$ 3,209,335</u>

**NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9. FAIR VALUE MEASUREMENTS (CONTINUED)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy manages credit risk by limiting the Foundation to investment in mutual funds as opposed to direct investment in bonds.

At June 30, 2023, the Foundation's fixed income investments were rated as follows:

Fair Value	Duration	Rating Standard & Poor's
\$ 8,031,373	10.78	AA+ to AAAA

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation's investment policy requires that investments are to be diversified to the extent that no more than 5% of the funds may be invested in any one security, a maximum equity holdings of 15% in a single non-U.S. country and a maximum fixed income of 5% holdings in a single corporate issuer (excluding U.S. Government and agencies).

Other Information – For management control, investments are pooled. Gains, losses and investment income from the pool are allocated quarterly to the funds that participate in the pool based upon each fund's average quarterly balance.

NEW COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. FUNCTIONAL CLASSIFICATION OF EXPENSES

The expenses recognized by the Foundation in the statement of revenues, expenses and changes in net position are classified by function, that is, the purpose for which they are incurred. The Foundation's expenses based on function classification are as follows as of June 30, 2023:

	Program Services	General and Administrative	Fundraising	Total
Enhancements	\$ 1,524,928	\$ -	\$ -	\$ 1,524,928
Lobbyist	113,059	-	-	113,059
Scholarships - College budget	1,302,798	-	-	1,302,798
Grants	360,690	-	-	360,690
Salaries	997,701	393,512	103,801	1,495,014
Depreciation	-	56,607	-	56,607
Insurance	-	24,089	-	24,089
Interest	-	14,193	-	14,193
Admin fees	-	1,032	-	1,032
Bank service fees	940	12,271	765	13,976
990 taxes	-	(83)	-	(83)
Dues and subscriptions	1,767	13,950	405	16,122
Professional services	86,148	105,080	10,496	201,724
Audit fees	-	31,152	-	31,152
In-kind professional services	-	153,612	-	153,612
Postage and shipping	1,763	1,473	-	3,236
Telephone expense	-	1,782	-	1,782
Office supplies	1,141	25,109	8,595	34,845
Software/software upgrades	6,600	77,455	-	84,055
Storage	-	7,326	-	7,326
Equipment	-	447	-	447
Maintenance and repair	-	3,577	-	3,577
Rental	-	4,339	40,039	44,378
Taxes - property	-	643	-	643
Donor cultivation major gifts	10,618	46	11,543	22,207
Printing	3,112	1,039	784	4,935
Utilities - TKC	-	14,532	-	14,532
Promotional expense	1,683	573	3,012	5,268
Development and entertainment	8,477	-	93	8,570
Sponsorship expense	17,850	1,200	-	19,050
Advertising	4,863	3,809	2,975	11,647
Catering	3,683	1,582	93,719	98,984
Travel - airfare/training	10,141	-	-	10,141
Travel - lodging	21,421	1,945	1,257	24,623
Mileage and toll reimbursement	1,152	1,045	13	2,210
Travel - auto rental	2,698	338	-	3,036
Conference/educational expense	3,556	240	-	3,796
Board of Directors expense	-	5,559	155	5,714
Pledge write offs	-	-	245,496	245,496
	<u>\$ 4,486,789</u>	<u>\$ 959,474</u>	<u>\$ 523,148</u>	<u>\$ 5,969,411</u>

OTHER INDEPENDENT AUDITOR'S REPORT



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

**Board of Directors
New College Foundation, Inc.
Sarasota, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New College Foundation, Inc. (the "Foundation"), a component unit of New College of Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated February 7, 2024.

Report on 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) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
February 7, 2024



February 7, 2024

Board of Directors and Management
New College Foundation, Inc.
The Keating Center
5800 Bay Shore Road
Sarasota, Florida 34243

We have audited the financial statements of New College Foundation, Inc. (the "Foundation") for the year ended June 30, 2023, and we will issue our report thereon dated February 7, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts, depreciation expense and fair value of investments is based on management's assumptions about collection of accounts receivable, the estimated useful lives of depreciable assets and market values and net asset values calculated by third-party vendors. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the fair value of financial instruments in Note 9 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

New College Foundation, Inc.

February 7, 2024

Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were two adjusting journal entries that had no effect on ending net position and one passed entry to adjust the allowance for doubtful accounts that is immaterial to the financial statements as a whole.

There were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 7, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

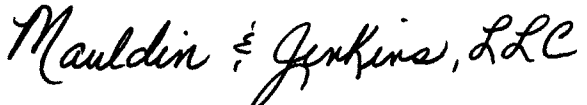
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Board of Directors and management of New College Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

MAULDIN & JENKINS, LLC



Bradenton, Florida