

**Florida SouthWestern State College District Board of Trustees
Agenda Item Summary**

Meeting Date: 8/26/2014

1. Action Requested/Purpose: Edison State College Foundation, Inc. First Quarter Financial Statements and Investment Report

2. Fiscal Impact: ☐ Yes ☐ No ☒ N/A

3. Funding Source: Amount: \$

4. Administration Recommendation: Information Purposes Only

5. Agenda Item Type:

- ☐ Action Item
☐ Consent Agenda
☒ Information Only
☐ Board Requested Information/Report

8. Requirement/Purpose (Include Citation)

- ☐ Statute
☐ Administrative Code
☐ Other

9. Background Information:


The FY2014-2015 first quarter financial statements are presented for information only. The Statement of Financial Position shows total assets of \$50,513,238 as of June 30, 2014. As a comparison, the assets at June 30, 2013 were \$46,431,349.

The investment report is for informational purposes only and requires no action by the Board. This report summarizes the performance of investments and allows management to assess the yields on investments, to shift strategies if needed, and the ability to project out future earnings in order to budget accordingly.

Requested By:


 Sr. Director: Administration & Development

Funding Verified by:


 Vice President, Administrative Services

Approved For Agenda by:


 President

EDISON STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

| | Unrestricted | Temp. Restricted | Perm. Restricted | 6/30/2014 Actual (Year to Date) | Quarter Ending 6/30/2013 Actual (Year to Date) | Increase/(Decrease) from Prior Year |
|---|--------------|------------------|------------------|---------------------------------------|---|--|
| ASSETS | | | | | | |
| Cash in Banks | 183,569 | 15,755 | - | 199,324 | 217,216 | -8% |
| Promises To Give | 4,100 | 100,000 | - | 104,100 | 18,590 | 460% |
| Note Receivable | - | - | - | - | - | - |
| Investment Management Accounts | 3,416,051 | 23,940,142 | 18,714,179 | 46,070,373 | 41,688,978 | 11% |
| Investment Held in Trust: | | | | | | |
| Gift Annuities | 11,081 | 552,601 | - | 563,682 | 895,625 | -37% |
| Real Estate: Rush | 2,300,000 | - | - | 2,300,000 | 2,300,000 | 0% |
| CRAT | 11,368 | - | - | 11,368 | 75,571 | -85% |
| Investments Other: | | | | | | |
| Washington Public Power | - | - | - | - | 19,886 | -100% |
| Supply System Bond | 17,856 | - | - | 17,856 | 17,415 | 3% |
| CSV of Policies | - | 1,244,738 | - | 1,244,738 | 1,194,473 | 4% |
| Real Estate - Winkler | - | - | - | - | - | - |
| Gifts In-Kind | 1,797 | - | - | 1,797 | 3,597 | 100% |
| Deposit/Prepaid Expense | 5,945,822 | 25,853,237 | 18,714,179 | 50,513,238 | 46,431,349 | 9% |
| TOTAL ASSETS | | | | | | |
| | 5,945,822 | 25,853,237 | 18,714,179 | 50,513,238 | 46,431,349 | 9% |
| LIABILITIES | | | | | | |
| Deferred Revenue | - | - | - | - | - | 0% |
| Accrued Expense | 73,733 | 28,233 | - | 101,966 | - | 100% |
| Funds Held in Trust | 2,322,449 | 552,601 | - | 2,875,051 | 3,271,196 | -12% |
| Loan Note - Real Estate | - | 1,100,000 | - | 1,100,000 | 1,100,000 | 0% |
| Due To/From | - | - | - | - | - | - |
| TOTAL LIABILITIES | | | | | | |
| | 2,396,181 | 1,680,834 | - | 4,077,016 | 4,371,196 | -7% |
| FUND BALANCE | | | | | | |
| Fund Balance | 3,549,642 | 24,172,402 | 18,714,179 | 46,436,223 | 42,060,153 | 10% |
| Transfers | - | - | - | - | - | - |
| Total Fund Balance | 3,549,642 | 24,172,402 | 18,714,179 | 46,436,223 | 42,060,153 | 10% |
| TOTAL LIABILITIES & FUND BALANCE | | | | | | |
| | 5,945,822 | 25,853,237 | 18,714,179 | 50,513,238 | 46,431,349 | 9% |
| Beginning Net Assets | | | | | | |
| Net Surplus/(Deficit) | 3,385,570 | 23,110,223 | 18,212,366 | 44,708,159 | 42,422,129 | 5% |
| Ending Fund Balance | 164,072 | 1,062,179 | 501,813 | 1,728,064 | (361,975) | 577% |
| | 3,549,642 | 24,172,402 | 18,714,179 | 46,436,223 | 42,060,153 | 10% |

Exhibit A

EDISON STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Three Months Ended June 30, 2014

| | Unrestricted | Temp. Restricted | Perm. Restricted | Total |
|--|----------------|---------------------|---------------------|------------------|
| REVENUE & SUPPORT | | | | |
| Annual Fund | 11,147 | - | - | 11,147 |
| Academic Support | | | | |
| Current | 4,366 | - | - | 4,366 |
| Endowed | - | 2,988 | 127 | 3,114 |
| Scholarship Support | | | | |
| Current | 33,040 | - | - | 33,040 |
| Endowed | 10,334 | 958 | 501,687 | 512,978 |
| Campus Events | 6,250 | - | - | 6,250 |
| Gifts-In-Kind | - | - | - | - |
| Donated Facilities | - | - | - | - |
| Change in Insurance Policy CV | - | - | - | - |
| Alumni Memberships | 210 | - | - | 210 |
| Foundation/Corporate Grants | - | - | - | - |
| Total Gifts | 65,347 | 3,945 | 501,813 | 571,105 |
| TRANSFERS | | | | |
| Interfund Transfers (Draw) | 195,961 | - | - | 195,961 |
| Total Transfers | 195,961 | - | - | 195,961 |
| INVESTMENT INCOME | | | | |
| Investment Interest | 4,664 | 59,785 | - | 64,449 |
| Market Unrealized Gain (Loss) | 95,101 | 1,225,712 | - | 1,320,814 |
| Market Realized Gain (Loss) | (5) | (58) | - | (63) |
| Total Investment Income | 99,761 | 1,285,439 | - | 1,385,200 |
| Total Revenue & Transfers | 361,069 | 1,289,384 | 501,813 | 2,152,266 |
| EXPENSES | | | | |
| Institution/Development | 3,021 | - | - | 3,021 |
| Institution/Faculty & Staff | 2,930 | - | - | 2,930 |
| Student Services/Scholarships | 7,719 | 24,300 | - | 32,019 |
| Academic and Program Support | 18,423 | 345 | - | 18,767 |
| Campus Specific Expenses | - | - | - | - |
| Alumni Expense | 1,761 | - | - | 1,761 |
| Donor Cultivation & Recognition | 13,952 | - | - | 13,952 |
| Stewardship | 9,838 | - | - | 9,838 |
| Production/Printing and Fundraising Materials | 2,962 | - | - | 2,962 |
| Contracted Services Fundraising | 153 | - | - | 153 |
| Mailing Expense and Postage | - | - | - | - |
| Foundation Operating Expense(Salary Reimbursement) | 58,512 | - | - | 58,512 |
| Service Contracts/Software Updates | 17,826 | - | - | 17,826 |
| Investment Management Fees | 1,682 | 19,860 | - | 21,542 |
| Legal/Accounting/Professional Fees | 41,520 | - | - | 41,520 |
| Bank Fees | 417 | - | - | 417 |
| Liability & Event Insurance | - | - | - | - |
| Board & Committee Mtg Exp. | 392 | - | - | 392 |
| Supplies & Misc Office Exp | 1,636 | - | - | 1,636 |
| Equipment Repairs, Maint & Rentals | 184 | - | - | 184 |
| Professional Development and Travel | 808 | - | - | 808 |
| Allowance for Uncollectible Accounts | - | - | - | - |
| In-Kind Donation Expense | - | - | - | - |
| Rent: Donated Facilities | - | - | - | - |
| Contingency | - | - | - | - |
| Total Expenses | 183,735 | 44,505 | - | 228,239 |
| TRANSFERS | | | | |
| Interfund Transfer | 13,261 | 182,700 | - | 195,961 |
| Total Transfers | 13,261 | 182,700 | - | 195,961 |
| Total Expenses & Transfers | 196,996 | 227,205 | - | 424,200 |
| Net Surplus/(Deficit) | 164,072 | 1,062,179 | 501,813 | 1,728,064 |

EDISON STATE COLLEGE FOUNDATION, INC.

2014 - 2015 BUDGET

Unrestricted Funds

| | Budget FY 2014-2015 | Budget Amendment | Revised Budget | Actual 6/30/2014 | % |
|---|------------------------|---------------------|---------------------|---------------------|------------|
| <u>Income Authorized for Expenditure</u> | | | | | |
| Operating Revenue | \$ 783,845 | \$ - | \$ 783,845 | \$ 195,961 | 25% |
| Unrestricted Endowed Scholarship | 98,250 | - | 98,250 | 10,334 | 11% |
| Unrestricted Endowed Funds | 15,000 | - | 15,000 | - | 0% |
| Non-Endowed Gifts and Event Revenue | | | | | |
| -Annual Fund Gifts | 50,000 | - | 50,000 | 11,147 | 22% |
| -Program Support | 50,000 | - | 50,000 | 4,366 | 9% |
| -Annually Funded Scholarships | 180,000 | - | 180,000 | 33,040 | 18% |
| -Barbara B. Mann Misc Support | 15,000 | - | 15,000 | - | 0% |
| -Misc Grants | 15,000 | - | 15,000 | - | 0% |
| -Evening of Celebration Ticket Revenue | 12,000 | - | 12,000 | - | 0% |
| -Event Sponsorships | - | - | - | 6,250 | 100% |
| -Alumni Revenue | 10,000 | - | 10,000 | 210 | 2% |
| Funds Available | \$ 1,229,095 | \$ - | \$ 1,229,095 | \$ 261,308 | 21% |
| <u>Expenditures</u> | | | | | |
| Institutional Support | | | | | |
| College Development Initiatives (I) | \$ 6,000 | \$ 2,000 | \$ 8,000 | \$ 204 | 3% |
| College Development Initiatives (II) | 5,000 | 7,000 | 12,000 | 1,342 | 27% |
| Development Initiatives - North | 6,250 | - | 6,250 | - | 0% |
| Development Initiatives - South | 6,250 | - | 6,250 | 491 | 8% |
| Organizational Memberships | 3,500 | - | 3,500 | 985 | 28% |
| PAH Ticket Fund for Disadvantage Students | 2,500 | - | 2,500 | - | 0% |
| Subtotal | \$ 29,500 | 9,000 | \$ 38,500 | \$ 3,021 | 10% |
| Faculty, Staff and Student Appreciation | 10,000 | - | 10,000 | 2,930 | 29% |
| Student Support Fund | 3,000 | - | 3,000 | 1,969 | 66% |
| Subtotal | \$ 13,000 | \$ - | \$ 13,000 | \$ 4,900 | 38% |
| Total Institutional Support | \$ 42,500 | \$ 9,000 | \$ 51,500 | \$ 7,921 | 19% |
| Student Services | | | | | |
| Endowed Scholarships - Unrestricted | \$ 98,250 | \$ - | \$ 98,250 | \$ - | 0% |
| Annually Fund Scholarships | 170,000 | - | 170,000 | 5,750 | 3% |
| Special Appropriations - Non-Endowed Scholarships | | - | | | |
| - Blue Cross Blue Shield | 10,000 | - | 10,000 | - | 0% |
| Total Student Services | \$ 278,250 | \$ - | \$ 278,250 | \$ 5,750 | 2% |
| Academic Program Support | | | | | |
| Barbara B. Mann - Misc Support | \$ 15,000 | - | \$ 15,000 | \$ - | 0% |
| Program Support | 50,000 | - | 50,000 | 18,423 | 37% |
| Total Academic Support | \$ 65,000 | \$ - | \$ 65,000 | \$ 18,423 | 28% |

EDISON STATE COLLEGE FOUNDATION, INC.
2014 - 2015 BUDGET

Unrestricted Funds

| | Budget FY 2014-2015 | Budget Amendment | Revised Budget | Actual 6/30/2014 | % |
|---|------------------------|---------------------|---------------------|---------------------|-------------|
| Donor Cultivation and Recognition | | | | | |
| Collegewide Donor Development & Hospitality | \$ 30,000 | \$ - | \$ 30,000 | \$ 11,364 | 38% |
| Dev. Staff #1 Donor Development Activities | 9,000 | - | 9,000 | 1,817 | 20% |
| Dev. Staff #2 Donor Development Activities | 9,000 | - | 9,000 | 200 | 2% |
| Dev. Staff #3 Donor Development Activities | 9,000 | (1,000) | 8,000 | - | 0% |
| Dev. Staff #4 Donor Development Activities | 3,000 | (500) | 2,500 | - | 0% |
| Dev. Staff #5 Donor Development Activities | - | 4,500 | 4,500 | - | 0% |
| Dev. Staff #6 Donor Development Activities | - | 3,000 | 3,000 | - | 0% |
| Dev. Staff #7 Donor Development Activities | - | 2,000 | 2,000 | - | 0% |
| Planned Giving Donor Development Activities | 5,000 | - | 5,000 | 570 | 11% |
| Athletic Donor Development Activities | 30,000 | (17,000) | 13,000 | - | 0% |
| Stewardship | 21,500 | - | 21,500 | 9,838 | 46% |
| Evening of Celebration Tickets (Income on page 1) | 12,000 | - | 12,000 | - | 0% |
| Evening of Celebration Expenses | 12,500 | - | 12,500 | - | 0% |
| Contracted Services | 15,000 | - | 15,000 | 153 | 1% |
| Production and Printing of Fundraising Materials | 30,000 | - | 30,000 | 2,962 | 10% |
| Mailing Expense and Postage | 10,000 | - | 10,000 | - | 0% |
| Total Donor Cultivation and Recognition | \$ 196,000 | \$ (9,000) | \$ 187,000 | \$ 26,904 | 14% |
| Foundation Administration | | | | | |
| Staff Expense Reimbursement to the College | \$ 449,477 | \$ - | \$ 449,477 | \$ 58,512 | 13% |
| Office Renovation and Furniture Expense | 5,000 | - | 5,000 | - | 0% |
| Service Contracts and Software Updates | 17,500 | - | 17,500 | 17,826 | 102% |
| SEI Investment Management and Bank Fees | 15,000 | - | 15,000 | 2,099 | 14% |
| Board and Committee Meeting Expense | 3,000 | - | 3,000 | 392 | 13% |
| Accounting and Audit Fees | 112,022 | - | 112,022 | 41,520 | 37% |
| Subscriptions | 500 | - | 500 | - | 0% |
| Office Supplies | 12,500 | - | 12,500 | 1,636 | 13% |
| Travel | 10,000 | - | 10,000 | 808 | 8% |
| Liability and Event Insurance | 5,000 | - | 5,000 | - | 0% |
| Equipment Repairs, Maintenance and Rentals | 5,000 | - | 5,000 | 184 | 4% |
| Total Foundation Administration | \$ 634,999 | \$ - | \$ 634,999 | \$ 122,977 | 19% |
| Other | | | | | |
| Contingency | \$ 2,346 | \$ - | \$ 2,346 | \$ - | 0% |
| Alumni Expense | 10,000 | - | 10,000 | 1,761 | 18% |
| Total Other | \$ 12,346 | \$ - | \$ 12,346 | \$ 1,761 | -14% |
| Total Expenditures | \$ 1,229,095 | \$ - | \$ 1,229,095 | \$ 183,735 | 15% |

EDISON STATE COLLEGE FOUNDATION, INC.
2014 - 2015 BUDGET

Temporarily & Permanently Restricted Endowments

| | Budget FY 2014-2015 | Actual 6/30/2014 | % |
|---|------------------------|---------------------|------------|
| <u>Income Authorized for Expenditure</u> | | | |
| Temporarily Restricted Endowments | | | |
| Temporarily Restricted Scholarships | \$ 325,082 | \$ 958 | 0% |
| Temporarily Restricted Academic Funds | 48,000 | 2,988 | 6% |
| Operating Revenue from Investments | 45,000 | 7,548 | 17% |
| Total Temporarily Restricted Available | 418,082 | \$ 11,494 | 3% |
| Permanently Restricted Endowments | | | |
| Permanently Restricted Scholarships | \$ 750,936 | \$ 501,687 | 67% |
| Permanently Restricted Academic Program Support | 234,900 | 127 | 0% |
| Operating Revenue from Investments | 94,000 | 12,312 | 13% |
| Total Permanently Restricted Available | \$ 1,079,836 | \$ 514,125 | 48% |
| Funds Available | \$ 1,497,918 | \$ 525,618 | 35% |
| <u>Expenditures</u> | | | |
| Student-Related | | | |
| Endowed Scholarships | \$ 1,076,018 | \$ 24,300 | 2% |
| Total Student-Related | \$ 1,076,018 | \$ 24,300 | 2% |
| Barbara B Mann Performing Arts Hall | 28,700 | - | 0% |
| General Support | 32,500 | 280 | 1% |
| Health Technologies | 25,400 | - | 0% |
| Humanities | 58,300 | - | 0% |
| Rauschenberg Gallery | 28,600 | 65 | 0% |
| Science | 8,400 | - | 0% |
| Workforce | 53,000 | - | 0% |
| Total Academic Support | \$ 234,900 | \$ 345 | 0% |
| Other | | | |
| Winkler Property Carrying Cost | 48,000 | | 0% |
| Investment Management Fees | 139,000 | 19,860 | 14% |
| Total Other | \$ 187,000 | \$ 19,860 | 11% |
| Total Expenditures | \$ 1,497,918 | \$ 44,505 | 3% |

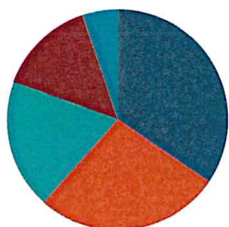
Edison State College Foundation, Inc.
Executive Investment Summary
First Quarter Ending 6-30-2014

Investment Strategy

The Foundation's long-term and primary investment objective is to earn a total return, net of fees and with prudent levels of risk, which is sufficient to maintain the purchasing power of the endowed assets and support the annual spending policy. To achieve this investment objective, the Foundation's endowment is allocated among six asset classes: Domestic Equities, International Equities, Alternative Investments, Fixed Income, Inflation Protection Assets, and Cash/Equivalents.

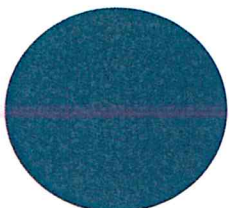
Investment Allocation at 6/30/2014

Main Pool Allocation



| Asset Class | Total Market Value | % Allocation |
|--------------------|----------------------|--------------|
| US Equity | \$ 15,486,573 | 34.5% |
| Fixed Income | \$ 12,125,534 | 27.0% |
| World Equity x-US | \$ 8,528,663 | 19.0% |
| Hedge Funds | \$ 6,379,814 | 14.2% |
| Other | \$ 2,341,830 | 5.2% |
| Cash & Equivalents | \$ 20,754 | 0.1% |
| TOTAL | \$ 44,883,167 | 100% |

Spending Pool Allocation



| Asset Class | Total Market Value | % Allocation |
|--------------------|---------------------|--------------|
| Fixed Income | \$ 1,207,790 | 100.0% |
| Cash & Equivalents | \$ -527 | -% |
| TOTAL | \$ 1,207,263 | 100% |

Investment Earnings

The Foundation portfolio is up 6.04% vs. 5.22% for the blended benchmark during the 2014 calendar year. The Foundation portfolio continues to maintain a high ratio of return vs. risk. The portfolio continues to rebound generously as the stock market continues to stabilize. The Foundation remains committed to its disciplined investment approach focusing on long-term investment goals while managing current cash needs with careful monitoring. A thoughtful rebalancing strategy remains in place.

2nd Quarter 2014 Market Outlook

- The global economy and financial system continues its slow, drawn-out process of recovery and repair
- We consider a rebound in U.S. housing, a revival of credit growth in Europe and a recovery in emerging-country exports as critical elements necessary to keep the global expansion on track
- The end of quantitative easing in the U.S. later this year could result in more financial-market volatility
- Global political tensions could worsen, resulting in unexpected economic shocks