

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

Meeting Date: 2/2/2021

1. **Title:** Certificate of Compliance for Florida SouthWestern State College Foundation, Inc. since 9/25/2018 to 2/2/2021.
2. **Action Requested/Purpose:** Approval of Certificate of Compliance for Florida SouthWestern State College Foundation, Inc.
3. **Fiscal Impact:** ☐ Yes ☐ No ☒ N/A
4. **Funding Source:** Amount: \$
5. **Administration Recommendation:** Recommend the Board of Trustees approval, certifying that Florida SouthWestern State College Foundation, Inc. is in compliance with requirements as outlined in Statute and Board of Trustees policy.

**6. Agenda Item Type:**

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

**7. Requirement/Purpose (Include Citation)**

- ☒ Statute 1004.70  
☐ Administrative Code  
☒ Other BOT 6Hx6:1.03


8. **Background Information:** Florida Statute 1004.70 provides the Board of Trustees certify that a direct support organization is operating in a manner consistent with the goals of the institution. Board of Trustees Policy 6Hx:1.03 sets forth policies for operation of the Foundation.

Florida SouthWestern State College Foundation, Inc. is and at all times has been in full compliance with the requirements of Board of Trustee Policy 6Hx6: 1.03 since 9/25/2018.


**Requested by:**

  
Controller, FSW Foundation

**Funding Verified by:**

  
Foundation Executive Director, VP Institutional Advancement

**Approved for Agenda by:**

  
President

FSW Foundation  
Certificate of Compliance Documentation  
9/25/2018 – 2/2/2001

1. Maintain exemption from Federal income tax as an organization described in section 501 (c) (3) of the Internal Revenue Code.
  - a. To maintain exemption status, Certificate of Exemption renewed 12/31/19.
2. Provide that the College President and Chairman of the District Board of Trustees, or trustee designee, serve on the Board of Directors and the executive committee of the Board of Directors of the Foundation.
  - a. 2018 – Chris Cunningham
  - b. 2019 – Julia duPlooy
  - c. 2020 – Julia duPlooy
3. Employ an independent auditing firm, and submit annual audited financial statements and management letters to the District Board of Trustees and the President of the College.
  - a. Tuscan & Co. was used for audits, financial statements, and management letters and submitted to Board of Trustees 10/1/2019 and 12/1/2020.
4. Submit the annual budget to the District Board of Trustees.
  - a. FY 2019–2020 Budget was submitted to the Board of Trustees 6/25/2019.
  - b. FY 2020–2021 Budget was submitted to the Board of Trustees 6/23/2020.
5. Provide in its By-Laws that the Executive Director of the Foundation shall be appointed by, and be responsible to, the President of Florida SouthWestern State College.
  - a. Listed in By-Laws Article 7, Section 7.1 in versions amended 3/15/2016 and 1/17/2019
6. Adopt and maintain an investment policy as approved by the District Board of Trustees.
  - a. Policy was adopted 1/18/2017 and amended 8/19/2019.
7. Operate in accordance with Section, 286.011, Florida Statutes (the Sunshine Law).
  - a. All Foundation activities have operated in accordance with this statute. Foundation Board of Directors also received the Sunshine Laws Guidebook and were trained by Mark Lupe, FSW's Legal Counsel on 11/15/2018.
8. Operate in a manner consistent with the mission of Florida SouthWestern State College and the goals of the Florida College System Institution and in the best interest of the state.
  - a. The mission of the Florida SouthWestern State College Foundation is to support the academic vision and priorities of FSW State College by underwriting student success, securing fundraising and honoring donor intent. As such, the Foundation operates in the manner consistent with FSW State College mission and goals of the Florida College System Institution.
9. The Foundation shall not accept any gift, donation, grant, enter into any transaction or contract that creates any liability for the College, without advance written approval by the President of the College.
  - a. All gifts, donations, grants, and contracts that create a liability for the College has acquired approval by the President or College.
    - i. 10/1/2019 Crowther Gift Agreement.
    - ii. 2/27/2018 Winkler Property sale to FSW Finance Corporation.

Respectfully submitted,



Kevin Anderson

Chief Operations Officer, FSW Foundation

**District Board of Trustee Policy  
(BOT)**



**Policy Title:** Florida SouthWestern State College Foundation, Inc.

**Policy Number:** 6Hx6:1.03

**Specific Authority:**

Florida Statute 1001.64; 1004.70

Florida Administrative Code

**Policy Approved:** 8/17/95; 6/19/97; 2/23/99; 08/23/05; 11/27/07; 2/18/09;  
2/28/12; 5/26/14

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**Policy:**

Pursuant to Florida Statute 1004.70, the Florida SouthWestern State College District Board of Trustees may certify, as a direct support organization, Florida SouthWestern State College Foundation, Inc. (Foundation), whose purpose is to provide funds for student scholarships, instructional services, the Barbara B. Mann Performing Arts Hall, and other proper activity of Florida SouthWestern State College. The President of the College is authorized to implement the Board's procedures and guidelines to allow the Foundation the use of property, facilities and personal services pursuant to the provisions of Florida Statute 1004.70. In order to use such property, facilities and personal services, the Foundation shall:

1. Maintain exemption from Federal income tax as an organization described in section 501 (c) (3) of the Internal Revenue Code.
2. Provide that the College President and Chairman of the District Board of Trustees, or trustee designee, serve on the Board of Directors and the executive committee of the Board of Directors of the Foundation.
3. Employ an independent auditing firm, and submit annual audited financial statements and management letters to the District Board of Trustees and the President of the College.
4. Submit the annual budget to the District Board of Trustees.
5. Provide in its By-Laws that the Executive Director of the Foundation shall be appointed by, and be responsible to, the President of Florida SouthWestern State College.
6. Adopt and maintain an investment policy as approved by the District Board of Trustees.
7. Operate in accordance with Section, 286.011, Florida Statutes (the Sunshine Law).
8. Operate in a manner consistent with the mission of Florida SouthWestern State College and the goals of the Florida College System institution and in the best interest of the state.

9. The Foundation shall not accept any gift, donation, grant, enter into any transaction or contract that creates any liability for the College, without advance written approval by the President of College.



2020 – 2021 Annual Budget



#### **Board of Directors**

##### **Executive Committee:**

Marcia Hobe, Chair

Carl Grissom, Vice Chair

Mary Lee Mann, Secretary

Carey Soud, Treasurer

Julia duPlooy, Board of Trustees Liaison Designee

Sue McGrogan, Collier County

##### **Non-Voting:**

Jeffery S. Allbritten, President, Florida SouthWestern State College

##### **Directors:**

Lew Bennett, Charlotte County

Jared Brancazio, Lee County

Randy Brock, Collier County

Dorothy Fitzgerald, Lee County

Alan Hilfiker, Collier County

Paula Malone, Collier County

Jim Nolan, Jr., Charlotte County

Roman Sazonov, Lee County

Bruce Schultz, Lee County

Deborah Stewart, Collier County

Tamara Surratt, Lee County

Tuesday Tritt, Hendry/Glades Counties

Stuart Zaikov, Lee County



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## Revenue Sources



Florida SouthWestern State College Foundation receives revenue from a variety of sources. Below is a description of the revenue accounts used by the Foundation:

**Operating Revenue** - Operating revenue is the fund used to cover the cost of Foundation operations (salaries, donor identification, cultivation, solicitation and recognition, gift processing/accounting/auditing, etc. These funds are derived formulaically by computing a percent of the three year rolling average of the Foundation's investments at the end of each fiscal year. For fiscal year 2021, 2.5% was used.

**Unrestricted Endowed Scholarships** - Unrestricted endowed scholarships are funds which the Foundation Board has designated to be treated as endowed funds, the earnings from which will be used to provide scholarships with no designations or limitations (i.e.: restrictions). The flexibility of these funds allows them to be used for any form of scholarship (financial need, merit, recruiting, athletics, housing, etc.). As these funds are unrestricted they may be repurposed through board action.

**Unrestricted Endowed Funds** - These funds are comprised of gifts without any stipulation as to its use. Such funds are used at the discretion of the Executive Director of the Foundation and College President.

**Temporarily Restricted Funds** - Temporarily restricted funds are those funds that were received with a donor-imposed restriction, that at some future time or upon the occurrence of a specified future event, the funds originally contributed become available for unrestricted or purpose-restricted use. Examples include construction funds and healthcare program support funds.

**Permanently Restricted Funds** - These funds are established by the donor to allow the principal to remain intact in perpetuity and the income is used for the intended purpose directed to a specific college program, department, or scholarship.

**Event Revenue** - The Foundation conducts events during the course of the year. These generally fall into one or more of the following categories:

1. **Cultivation/Point of Entry Events** are designed to help people understand the scope of the college's mission and programs and its impact on the quality of life in Southwest Florida.
2. **Stewardship/Donor Recognition and Appreciation Events** are part of the Foundation's plan to thank our donors multiple times in different ways throughout the course of the year.
3. **Fundraising Events** are intended to show a healthy profit to benefit the operation of the Foundation or some aspect of the College.

All revenue in support of events is captured in the Event Revenue category. This includes all event sponsorships, table and ticket purchase, and ad-hoc donations in support of a particular event.

**Annual Fund Gifts** - Annual Fund Gifts are those which come in with no designations/restrictions or are designated as "unrestricted" or "where the need is greatest." These gifts are then used to underwrite the work of the Foundation.



**Non-endowed Program Support Gifts** - These are gifts in support of one or more of the college's schools, departments or programs that are intended to be expensed within a year.

**Annually Funded Scholarships** - Non-Endowed scholarship gifts that are intended to be awarded within a year.

**Grants** -- Gifts from charitable Foundations (Private/Independent, Corporate and Community/Public) in support of various activities of the College.

**Administrative Fee** - The Foundation charges a fee between 2 and 3 percent on most non-endowed incoming gift payments and uses it to help cover the cost of operations of the Foundation.

**Corporate Sponsorship Revenue** - The revenue in this category is derived through partnerships the Foundation makes with local corporations and businesses in support of college programs, such as athletics. The Foundation offers several different sponsorship packages at various levels of support.

## Expenditure Categories



Florida SouthWestern State College Foundation uses the following expense categories to account for expenses:

**Travel** - All costs associated with travel including, mileage, rental car charges, air fare, per diem payments etc., are recorded here.

**Operating Expenses** - A variety of expenses including postage, printing, professional fees, office materials and supplies as well as any development and stewardship expenses that do not readily fall into any other categories are recorded here.

**Scholarships** - Outright grants-in-aid, trainee stipends and prizes awarded to students by the institution. These awards do not require the performance of services while a student (such as teaching) or subsequently as a result of the scholarship. This does not include loans to students (subject to repayment) or awards granted to a parent of a student because of the parent's faculty or staff status. Also not included are awards to students where the selection of the student recipient is not made by the institution.

**Academic Support** - Activities and services that support the institution's primary missions of instruction, research, and public service and athletic support. It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; and any support for the institution's athletic programs.

**Food & Food Products** - This account is used to record donor lunches, reception and event catering, beverages (alcoholic and non-alcoholic).

**Rental - Facilities & Equipment** - Expenses related to the rentals of copy machines, equipment, facilities, etc. are recorded here.

**Insurance** - All property, general liability, D & O insurance expenses are accounted for in this category.

**Contract Services** - This account is used to record the reimbursement of Foundation staff cost to the College, institutional memberships, contracted instructional and non-instructional services, technology services, etc.

**Transfer (to other funds)** - This account is used to record the transfers of resources between unrestricted and restricted funds.

## Functional Expense Categories



The expenditures of Florida SouthWestern State College Foundation are grouped together by various functional categories. These categories are described below:

**Institutional Support** – Expenses dedicated to the operational support of the College. These include expenditures for general administrative services, executive-level activities, organizational memberships, programs not related to student and academic services and expenses for which the College is statutorily prohibited from paying (i.e. purchase of alcoholic beverages).

**Student Services** – Includes expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program. Examples include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction, and student records. Intercollegiate athletics and student health services may also be included.

**Academic Support** – Expenses for activities and services that support the institution's primary missions of instruction, research, and public service. It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or veterinary and dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; academic administration (including academic deans but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development expenses.

**Donor Cultivation and Recognition** – Expenses for activities that help to educate prospects and donors about the schools, programs and mission impact of the College on the quality of life in Southwest Florida. This would include point of entry events (receptions, luncheons, etc.) as well as development staff entertaining donors and prospects on an individual basis. Production, printing and mailing of fundraising materials is included in this category. Finally, expenses related to the stewardship process of recognizing and thanking donors is included in this category.

**Foundation Administration** – Expenses related to the overall operation of the Foundation. These include staffing, accounting/audits, office supplies and equipment, contracts, insurance, etc.



# CONSOLIDATED FUNDS

SOURCES OF FUNDS	Unrestricted	Restricted	Grand Total
<b>Operating Funds</b>			
Temporary Restricted Endowment Draw for Admin Expenses *	\$ 963,389	\$	963,389
Unrestricted Endowment Draw for Admin Expenses*	76,585	-	76,585
Administrative Fee on non-endowed donations	9,000		9,000
College Support	607,973		607,973
Interest earned non-endowed funds	12,000		12,000
<b>Total Operating Funds</b>	<b>1,668,947</b>	<b>-</b>	<b>1,668,947</b>
<b>New Gifts</b>			
Program Support Gifts	600,000	54,000	654,000
Endowed Scholarship Gifts		331,762	331,762
Non-Endowed Scholarship Gifts	296,000		296,000
Corporate Sponsorships	70,000		70,000
Event Revenue	80,000	-	80,000
Sponsorship Administrative Fee		-	-
Annual Fund Gifts	5,000	-	5,000
<b>Total New Gifts</b>	<b>1,051,000</b>	<b>385,762</b>	<b>1,436,762</b>
<b>Other Funds</b>			
Investment Income and Market Value Increase	150,000	3,064,254	3,214,254
<b>Total Other Funds</b>	<b>150,000</b>	<b>3,064,254</b>	<b>3,214,254</b>
<b>Total Revenue Sources</b>	<b>\$ 2,869,947</b>	<b>\$ 3,450,016</b>	<b>\$ 6,319,963</b>
<b>USES OF FUNDS</b>			
<b>Operating Expenses</b>			
Travel	\$ 20,700	\$ -	\$ 20,700
Operating Expenses	99,000	260,000	359,000
Insurance	18,000	-	18,000
Rental - Facilities & Equipment	13,000	-	13,000
<b>Contract Services:</b>			
Foundation Personnel/Reimbursement	1,154,828		1,154,828
Other Contracted Services	117,999	-	117,999
Food and Food Products	73,120	-	73,120
Other Expenses	20,100		20,100
Audit Services	35,000	-	35,000
Increase to Operating Reserve	77,200		77,200
International Travel	40,000		40,000
<b>Total Operating Expenses</b>	<b>1,668,947</b>	<b>260,000</b>	<b>1,928,947</b>
<b>Non-Operating Expenses</b>			
Scholarships (based on 4.0 draw from endowment and other donations)	400,064	1,402,646	1,802,710
Program Support (based on 4.0% draw from endowment)		184,067	184,067
Other Program Support	774,113	29,000	803,113
Fundraising Expenses	30,264	40,000	70,264
<b>Reserves:</b>			
Annual Fund contributions	5,000	-	5,000
Sponsorship Admin. Fee	1,500	-	1,500
Increase to Endowments	(9,941)	541,789	531,848
<b>Total Non-Operating Expenses</b>	<b>1,201,000</b>	<b>2,197,502</b>	<b>3,398,502</b>
<b>Total Current Expenses</b>	<b>\$ 2,869,947</b>	<b>\$ 2,457,502</b>	<b>\$ 5,327,449</b>
<b>Transfers</b>			
Transfer to Operating Funds for Admin Expenses		992,514	992,514
<b>Total Transfers</b>	<b>\$</b>	<b>\$ 992,514</b>	<b>\$ 992,514</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 2,869,947</b>	<b>\$ 3,450,016</b>	<b>\$ 6,319,963</b>

\* 2.5% Draw

\*\*4.0% Spending Policy



## UNRESTRICTED FUND

SOURCES OF FUNDS	2020-21 Budget	2019-20 Budget	Net Change	% Change
Operating Funds				
Endowment Draw for Admin Expenses	\$ 1,039,974	\$ 1,035,423	\$ 4,551	0.44%
Administrative Fee on non-endowed donations	\$ 9,000	\$ 9,000	\$ -	
College Support	607,973	629,576	(21,603)	-3.43%
Interest Earned on Non-endowed funds	12,000	12,000	-	
<b>Total Operating Funds</b>	<b>1,668,947</b>	<b>1,685,999</b>	<b>(17,052)</b>	
New Revenue:				
Program Support Gifts	600,000	444,000	156,000	35.14%
Non-Endowed Scholarship Gifts	296,000	214,800	81,200	37.80%
Event Revenue	80,000	80,000	-	0.00%
Sponsorship Revenue	70,000	60,000	10,000	16.67%
Annual Fund Gifts	5,000	5,000	-	0.00%
<b>Total New Revenue</b>	<b>1,051,000</b>	<b>803,800</b>	<b>247,200</b>	<b>30.75%</b>
Investment Income and Market Value Increase	150,000	188,291	(38,291)	-20.34%
<b>Total Other Revenue</b>	<b>150,000</b>	<b>188,291</b>	<b>(38,291)</b>	
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 2,869,947</b>	<b>\$ 2,678,090</b>	<b>\$ 191,857</b>	<b>7%</b>
USES OF FUNDS				
Current Expenses				
Travel	\$ 20,700	\$ 14,350	6,350	44%
Operating Expenses	99,000	104,535	(5,535)	-5%
Audit Services	35,000	35,000	-	
Rental - Facilities & Equipment	13,000	12,800	200	2%
Food and Food Products	73,120	65,580	7,540	11%
Insurance	18,000	18,000	-	0%
Contract Services:				
Foundation Personnel	1,154,828	1,153,235	1,593	0.14%
Other Contracted Services	117,999	117,999	-	0%
Increase to Fee Award	-	20,000	(20,000)	
Increase to Operating Reserve	77,200	118,000	(40,800)	
International Travel	40,000	-	40,000	
Other Expenses	20,100	26,500	(6,400)	
<b>Total Operating Expenses</b>	<b>1,668,947</b>	<b>1,685,999</b>	<b>(17,052)</b>	
Scholarships	400,064	311,548	88,516	28%
Program Support	774,113	657,500	116,613	18%
Fundraising Expenses	30,264	25,000	5,264	21%
Reserves:				
Annual Fund Contributions	5,000	5,000	-	
Sponsorship Admin Fee	1,500	1,500	-	0%
Increase to Endowments	(9,941)	(8,457)	(1,484)	
<b>Total Current Expenses</b>	<b>\$ 2,869,947</b>	<b>\$ 2,678,090</b>	<b>\$ 191,857</b>	<b>7%</b>



## RESTRICTED FUND

SOURCES OF FUNDS	2020-21 Budget	2019-20 Budget	Net Change	% Change
Temporary Restricted Endowment			\$ -	-
Endowed Scholarships **			-	-
Endowed Academic Program Support **			-	-
Temporary Restricted - Fund Balance			-	-
Temporarily Restricted Endowment for SEI Fees			-	-
Subtotal	-	-	-	-
New Revenue:				
Program Support Gifts	54,000.00	50,400	3,600	7%
Endowed Scholarship Gifts	331,762.00	318,000	13,762	4%
Investment Income and Market Value Increase	3,064,254.00	2,840,691	223,563	8%
Subtotal	3,450,016	3,209,091	240,925	8%
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 3,450,016</b>	<b>\$ 3,209,091</b>	<b>\$ 240,925</b>	<b>8%</b>
<b>USES OF FUNDS</b>				
Expenses				
Scholarships (based on 4% draw from endowment)	\$ 1,402,646	\$ 1,227,519	\$ 175,127	14%
Program Support (Based on 4% draw from endowment)	184,057	224,722	(40,655)	-18.09%
Investment Fees	260,000	260,000	-	0%
Other Program Support	29,000	24,000	5,000	21%
Fundraising Expenses	40,000	35,000	5,000	14%
Reserves:				
Increase to Endowments	541,789	465,097	76,692	16%
<b>TOTAL EXPENSES</b>	<b>\$ 2,457,502</b>	<b>\$ 2,236,338</b>	<b>\$ 221,164</b>	<b>10%</b>
Transfers				
Transfer to Operating Funds*	992,514	972,753	19,761	2%
<b>TOTAL EXPENSES &amp; TRANSFERS</b>	<b>\$ 3,450,016</b>	<b>\$ 3,209,091</b>	<b>\$ 240,925</b>	<b>8%</b>

\* 2.5% Draw

\*\* 4% Spending Policy