# AGENDA

ST. PETERSBURG COLLEGE BOARD OF TRUSTEES
**October 17, 2017**

Bay Pines STEM Center
4723 Bay Pines Terr.
St. Petersburg, FL

**SPECIAL MEETING:** 9:00 A.M.

## I. CALL TO ORDER

A. Invocation

B. Pledge of Allegiance

## II. RECOGNITIONS

A. Presentation of Retirement Resolutions and Motion for Adoption

1. Mark McHugh *(Not Attending)*

B. Announcements

1. JP Morgan New Skills at Work – Ms. Frances Neu, Vice President, Institutional Advancement, Foundation Director and Mr. Clayton Schnelker, Executive Director, CIB Banking Technology, JP Morgan

2. 2017 Outstanding Impact by an Organization from Quality Matters – Dr. Susan Colaric, Associate Vice President, Online Learning Services

3. SACS/ QEP Onsite Visit

## III. COMMENTS

A. Board Chair

B. Board Members

C. President

D. Public Comment pursuant to §286.0105 FS

## IV. REVIEW AND APPROVAL OF MINUTES

Board of Trustees' Meeting of September 19, 2017 *(Action)*

## V. MONTHLY REPORTS

A. Board Attorney

B. General Counsel

C. Faculty Governance Organization – Dr. Shannon Ulrich, President *(Presentation)*

D. Career Service Steering Committee – Ms. Jeanne Trimble, Chair *(Presentation)*

## VI. STRATEGIC FOCUS AND PLANNING

A. STUDENT SUCCESS AND ACADEMIC ACHIEVEMENT

1. Pathways Update – Dr. Anne Cooper, Senior Vice President, Instruction and Academic Programs *(Presentation/Action)*

2. Online Success Rates – Dr. Susan Colaric, Associate Vice President, Online Learning Services (*Presentation)*

3. Learning Beyond the Classroom – Civic Engagement – Dr. Tara Newsom, Faculty, Social and Behavioral Science and Mr. Davie Gill, Student Life and Leadership Coordinator *(Presentation)*

B. BUDGET AND FINANCE

1. Monthly Financial Report –Mr. Brian Miles, Vice President, Administrative/Business Services and Information Technology and Ms. Janette Hunt, Acting Associate Vice President, Budget and Compliance *(Presentation)*

C. ADMINISTRATIVE MATTERS

1. Human Resources
   a. Personnel Report *(Action)*

   b. Employee Health Insurance – Mr. Brian Miles and Ms. Michelle Manteiga, Interim Senior Manager, Benefits and Wellness *(Presentation)*

2. Construction
   a. Guaranteed Maximum Price (GMP) for Phase II Construction, Student Success Center, St. Petersburg/Gibbs Campus – Mr. Jim Waechter, Associate Vice President, Facilities, Planning and Institutional Services *(Presentation/Action)*

**VII. CONSENT AGENDA**

A. OLD BUSINESS **(items previously considered but not finalized) -** None

B. NEW BUSINESS

1. Workforce and Professional Development Curriculum Changes *(Action)*

2. GRANTS/RESTRICTED FUNDS CONTRACTS
   a. Office of the Attorney General, Division of Victim Services, Victim of Crime (VOCA) Program *(Action)*

**VIII. DIRECT SUPPORT ORGANIZATIONS**

A. Direct Support Organizations

1. AUDITS AND OTHER STATUTORY REQUIREMENTS OF DIRECT SUPPORT ORGANIZATIONS, APRIL 1, 2016, THROUGH MARCH 31, 2017

a. St. Petersburg Foundation, Inc. *(Action)*
b. Leepa-Rattner Museum of Art (LRMA) *(Action)*
c. Institute for Strategic Policy Solutions *(Action)*

## IX. INFORMATIONAL REPORTS

A. Quarterly Informational Report on Contract Items *(Information)*
B. Quarterly Information Report of Dell Financial Agreements *(Information)*

## X. PROPOSED CHANGES TO BOT RULES MANUAL – Public Hearing – None

## XI. PRESIDENT'S REPORT

## XII. NEXT MEETING DATE AND SITE

**November 14, 2017, Tarpon Springs Campus**

## XIII. ADJOURNMENT

*ST. PETERSBURG COLLEGIATE HIGH SCHOOL GOVERNING BOARD MEETING TO IMMEDIATELY FOLLOW – Presenter: Principal Starla Metz (see separate agenda)*

If any person wishes to appeal a decision made with respect to any matter considered by the Board at its meeting October 17, 2017, he or she will need a record of the proceedings. It is the obligation of such person to ensure a verbatim record of the proceedings is made, §286.0105, Florida Statutes.

Items summarized on the Agenda may not contain full information regarding the matter being considered. Further information regarding these items may be obtained by calling the Board Clerk at (727) 341-3241.

***No packet enclosure**
Date Advertised: October 6, 2017
Confirmation of Publication

# Institutional Policies to Support Guided Pathways

*Anne Cooper, PhD – SVP, Instruction and Academic Programs*

*SPC Board of Trustees – October 17, 2017*

# Clarify the Pathway

**SPC Endorsed implementation of guided pathways**

*BOT - October 13, 2015*

**Ensure students complete college level gateway courses during First Academic Year.**

*BOT - January 17, 2017*

- Composition I within first 6 college level credits attempted
- Mathematics sequence begins within the first 12 college level credits attempted

**Focus on and monitoring of equity, inclusion, and diversity**

*BOT – April 18, 2017*

**Partnerships with K-12, transfer institutions, and employers**

- 2+2 articulation – state articulation
- Annual K-12 articulation agreement - BOT approves annually
- Program Advisory Committees meet 2-3 times per year – regular update to BOT
- Specific Institutional articulations such as FUSE & IGNITE are monitored and updated regularly and BOT approved

# Help Students Choose & Enter Their Pathway

St. Petersburg College
INSTRUCTION AND ACADEMIC PROGRAMS

**SB 1720 – limited testing to HS graduates prior to 2007**

Prediction model uses multiple measures to identify students who are likely college ready

**Mandated Orientation**

All new to SPC students attend a 4 week Smart Start Orientation

**Late Registration**

- Students cannot register for on campus classes after the first meeting date has occurred
- Students cannot register for online classes after the Sunday before classes begin

**Student Success Courses**

- Students who test into two developmental areas take The College Experience
- Smart Start orientation provides students access to the many success resources

# Help Students Stay on Their Path

SPC St. Petersburg College
INSTRUCTION AND ACADEMIC PROGRAMS

**Early advising and career exploration embedded in Smart Start orientation continues through Career and Academic Communities**

**Milestone Monitoring**

- Case management by advisors
- Students have visual of progress to graduation

**Early Alert System transitioning to a faculty notification system in My Courses.**

# Ensure Students are Learning

**Periodic review of student learning outcomes and successful transfer or employment**

- 3 year Program reviews
- Annual Program Viability Reports
- Advisory Committee Input
- Regular Curriculum and Pathways reviews
- Student Success data – presented each term

**Professional development to improve student success**

- The Center for Excellence in Teaching and Learning (CETL) provides onboarding of new faculty and adjuncts as well as various sponsored training
- Staff Professional Development for faculty
- Ongoing internal professional development opportunities
- Regular Online Services trainings
- College Hosted Conferences

**Minimum qualification for hiring faculty**

- Teaching demo, review of teaching experience, discipline specific credentialing
- Peer, dean, provost, chief academic officer and president interviews
- Revised evaluations as well as promotion and continuing contract guidelines (Revised 2013)


Questions?

Agenda Item VI - C.1a

October 17, 2017

**M E M O R A N D U M**

**TO:** Board of Trustees, St. Petersburg College

**FROM:** Tonjua Williams, President TW

**SUBJECT:** Personnel Report

**Approval is sought for the following recommended personnel transactions:**

| **HIRE Budgeted Administrative & Professional** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Unger, Courtney P | Instructional Tech Analyst | Academic & Student Affairs EPI | 9/18/2017 - 6/30/2018 |
| Huynh, Lieu D | Budget Specialist | Budgeting & Compliance DO | 10/2/2017 - 6/30/2018 |

| **TRANSFER/PROMOTION Budgeted Administrative & Professional** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Davis, Rodrigo | Acting, Provost | Provost/TS | 9/21/2017 - 01/12/2018 |
| Graham, Shane L | Mgr, PeopleSoft Systems Admin | Administrative Information Sys DO | 9/5/2017 - 6/30/2018 |
| Turner, Hillary R | Research Specialist | Enrollment Management DO | 9/5/2017 - 6/30/2018 |

| **TERMINATION Budgeted Administrative & Professional** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Bright, Marvin | Provost | Provost TS | 10/17/2017 |

| **HIRE Faculty** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Duff Jr, John A | Chair, College of Computer IT | College of Computer & InfoTech CL | 10/9/2017 - 07/31/2018 |

| **HIRE Budgeted Career Service** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Digsby, Chad E | Landscaper | Landscape Services DO | 9/25/2017 |
| Ho, Khang D | Landscaper | Landscape Services DO | 8/28/2017 |
| Tettenborn, Albert | Landscaper | Landscape Services SPG | 10/2/2017 |

| **TRANSFER/PROMOTION Budgeted Career Service** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| McHugh, Mark P | Sr Security Officer | Campus Security AC | 8/30/2017 |
| Rakoczi, Eduard | Sr Security Officer | Campus Security SPG | 8/30/2017 |

| **HIRE Supplemental** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Thompson, Anna F | Professional Trainer | Emergency Medical Services HEC | 9/22/2017 |

| **HIRE Temporary** | | | |
|---|---|---|---|
| **Name** | **Title** | **Department/Location** | **Effective Date** |
| Dell-Jones, Julie V | Adjunct Faculty | Communications CL | 9/11/2017 |
| Johnson, Stephanie D | Adjunct Faculty | Communications SPG | 9/11/2017 |

| | | | |
|---|---|---|---|
| Borghini, Hannah A | General Support | Student Activities CL | 10/2/2017 |
| Bache, Alyssa K | OPS Career Level 1 | Athletics CL | 9/19/2017 |
| Sanchez, Kelsie A | OPS Career Level 1 | Athletics CL | 9/21/2017 |
| Smith, Christopher M | OPS Career Level 1 | Athletics CL | 9/25/2017 |
| Fitzpatrick, Ryder | OPS Career Level 1 | Engineering Technology CL | 8/21/2017 |
| Triplett, Steven L | OPS Career Level 1 | Engineering Technology CL | 9/11/2017 |
| Wittine, Paul W | OPS Career Level 1 | Engineering Technology CL | 9/25/2017 |
| Detrinidad, Alyssa L | OPS Career Level 1 | Learning Resources TS | 9/5/2017 |
| Gosselin, Jessica P | OPS Career Level 1 | Learning Resources TS | 8/30/2017 |
| Pinckney, Matthew T | OPS Career Level 2 | Academic & Student Affairs AC | 9/9/2017 |
| Hernandez Cruz, Osiris C | OPS Career Level 2 | Associate Provost Office CL | 9/21/2017 |
| Bailey, Ronelle | OPS Career Level 5 | Learning Resources CL | 9/5/2017 |
| Bush, Heather K | OPS Career Level 5 | Learning Resources SPG | 9/5/2017 |
| Charleston, Kenneth E | OPS Career Level 5 | New Initiative Program HEC | 8/28/2017 |
| Hall, Amy L | OPS Career Level 5 | Veterinary Technology VT | 9/5/2017 |
| Sturdivant, Jacqueline | OPS Career Level 6 | Academic & Student Affairs HEC | 10/2/2017 |
| Peters, Steven M | Professional Trainer | Fire Sciences AC | 9/5/2017 |
| Mello, Deana M | Professional Trainer | Workforce/Professnl Developmnt EPI | 9/11/2017 |

**TRAVEL OUTSIDE THE CONTINENTAL UNITED STATES**

| **Name** | **Title** | **Department/Location** | **Effective Date** |
|---|---|---|---|
| Tunceren, Lillien | Instructor | Communications | 3/3/2018 - 3/11/2018 |

Destination: Munich, Germany

The purpose of this trip is to lead SPC students on a study abroad program to Munich, Germany. A total of ten (10) students are enrolled in the program and will receive credit in one of the following: ENC 1101, ENC 1102, ARH 1000, ART 1300C. The College will benefit by providing an educational opportunity for students to earn college credits while providing a cultural experience through the study abroad program.

Estimated cost to the College not to exceed $4358.74.

---

Brian Miles, Vice President, Administrative/Business Services & Information Technology and the Strategic Issues Council Members bringing the actions forward, recommend approval.

ND10022017

# HEALTH INSURANCE FOLLOW UP

## Health Insurance Follow Up

*October 17, 2017*

*Presented by Michelle Manteiga*

# HEALTH INSURANCE FOLLOW UP

**Question: Voluntary plans – what additional voluntary plans can we offer employees so that we can ensure they are getting the most competitive rates?**

Answer:
We're currently evaluating all of the benefits and perks offered to employees. When we go to market in the Spring, we'll be selecting vendors that offer the most competitive rates and reliable services to our employees.

Some additional benefits we're looking at rolling out to employees in 2018:

- Long Term Care Services.
- Roth retirement option.
- Legal Services.
- Pet Insurance.

St. Petersburg College SPC

# HEALTH INSURANCE FOLLOW UP

**Question: What types of medical plans are other colleges offering?**

Answer:

- 23 out of 28 Florida state colleges are members of the consortium.
- 17 out of 23 state colleges participating in the consortium are offering 100% college paid benefits for employee only coverage.
    - Employee plus plan rates vary.
- Non-consortium members are offering similar plan types as SPC.

# HEALTH INSURANCE FOLLOW UP

**Question: Consortium – Have we looked at joining the consortium? How might this be beneficial to SPC?**

Answer:

Consortium Highlights:

- Consortium members are facing increases this year.
  - Rates are scheduled to be evaluated on a 3 year basis (subject to change).
- Average number of participants in the consortium is 510 members per college.
- SPC has an annual Wellness budget of $200,000. Consortium members share a budget of $100,000; approximately $5,000 per college.

St. Petersburg College SPC

# HEALTH INSURANCE FOLLOW UP

**Question: Retirees – What is the percentage increase to the retirees contribution?**

Answer:

| Pre 65 Rate Increases | | | Post 65 Rate Increases | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | | 2016 | 2017 |
| OA Select | 10% | 9% | OA Select | 39% | 12% |
| POS II | 3% | 9% | POS II | 22% | 12% |

Annualized retiree spend for 2016 and 2017:

| Annualized Retiree Spend | Calendar Year 2016 | Calendar Year 2017 |
|---|---|---|
| Spend: | $1,295,444.00 | $1,128,804.00 |
| Contributions: | $522,000.00 | $544,830.00 |
| Difference: | ($773,444.0) | ($583,974.00) |

# HEALTH INSURANCE FOLLOW UP

**Question: ER – What types of ER claims are we seeing? Can we offer a tiered deductible?**

Answer:

- Current approved 2018 ER deductible is $150; no change from 2017 per Board feedback.
- 2016 ER usage report shows that 41.7% of ER visits were for non-urgent care visits.
- Tiered deductible:
  - Aetna does not have any clients that offer a tiered deductible.
  - This is usually used as a way to deter frequent users.
    - 87% of SPC members have less than 3 ER visits per year (not considered frequent users).
  - SPC ER cost share is at 17%; Aetna's average is 23%.

# HEALTH INSURANCE FOLLOW UP

**Question: Convenient Care – can we bring clinics on site?**

Answer:
Adding onsite Wellness centers to SPC campuses could be part of the long term Wellness plan. Currently, the Wellness committee is in the process of investigating the cost, and potential return on investment for adding these clinics.

We’re evaluating the following options:

- Wellness centers ran and maintained by SPC.
- Leasing space at SPC campuses to third party companies.
- Other Wellness center alternatives.

# HEALTH INSURANCE FOLLOW UP

**Question: Convenient Care – can we bring clinics on site?**

Answer:
Currently 54% of large employers nationwide are offering on-site health centers.

Top Treatment services offered at on-site health centers:

- Acute Care.
- Health Improvement Programs.
- Occupational Health.
- Primary Care.
- Chronic Care Management.

# HEALTH INSURANCE FOLLOW UP

**Question: What permanent changes can we make for long term impacts?**

Answer:
We’re evaluating potential long term permanent changes that will make an impact to our claims.

- Vendor contract changes.
- Spousal surcharges.
- Insurance waiver.

# DRAFT 3 YEAR BENEFITS STRATEGIC PLAN TIMELINE

The following proposed timeline is to solicit review and feedback from the college community regarding the draft 3 year benefits strategic plan.

10/4/2017 – Insurance Committee

10/17/2017 – VP Group

10/17/2017 – Board of Trustees

11/2017-12/2017 – Other groups (as requested)*

1/16/2018 – Board of Trustees

2/20/2018 – Board of Trustees vote

Spring 2018 – Request for Proposals

*All employee types and established employee groups are already represented on Insurance Committee or Exec Committee during that time frame. Other groups can request presentations during the designated time frame.

# HEALTH INSURANCE FOLLOW UP

QUESTIONS?

SPC St. Petersburg College

# ST. PETERSBURG GIBBS STUDENT SUCCESS CENTER UPDATE

**Board of Trustees Meeting**

**October 17, 2017**

# SPC St. Petersburg College

## Project Timeline for the St. Petersburg/Gibbs Student Success Center

| TASK | START | FINISH |
|---|---|---|
| Board approval to advertise for Design-Build firm | Tue 5/17/16 | Tue 5/17/16 |
| First Appropriation signed into law | Thu 6/30/16 | Thu 6/30/16 |
| Selection of Design-Build Firm | Tue 8/16/16 | Tue 8/16/16 |
| Board Approval of Design-Build Contract | Fri 10/21/16 | Fri 10/21/16 |
| Prepare new spaces for staff | Fri 7/1/16 | Wed 11/30/16 |
| Asbestos removal | Thu 9/1/16 | Fri 12/30/16 |
| Utility relocations | Mon 10/3/16 | Wed 11/30/16 |
| Demolition of buildings | Thu 12/1/16 | Fri 3/31/17 |
| Stakeholder input with architects | Mon 1/2/17 | Fri 4/28/17 |
| Schematic design development and review | Mon 4/3/17 | Mon 7/31/17 |
| Second Appropriation signed into law | Fri 6/30/17 | Fri 6/30/17 |
| Board approval, Schematic Design and Phase I construction | Tue 8/15/17 | Tue 8/15/17 |
| Phase I construction | Mon 8/21/17 | Fri 12/29/17 |
| Board approval, Phase II construction | Tue 10/17/17 | Tue 10/17/17 |
| Phase II construction | Tue 1/2/18 | Fri 6/29/18 |
| Board approval, Phase III construction | Tue 5/15/18 | Tue 5/15/18 |
| Phase III construction | Mon 7/2/18 | Fri 6/28/19 |

Timeline: 2016 (MAY | JUN), QTR. 3 2016 (JUL | AUG | SEP), QTR. 4 2016 (OCT | NOV | DEC), QTR. 1 2017 (JAN | FEB | MAR), QTR. 2 2017 (APR | MAY | JUN), QTR. 3 2017 (JUL | AUG | SEP), QTR. 4 2017 (OCT | NOV | DEC), QTR. 1 2018 (JAN | FEB | MAR), QTR. 2 2018 (APR | MAY | JUN), QTR. 3 2018 (JUL | AUG | SEP), QTR. 4 2018 - 2019 (OCT | JUN)

## Project Timeline for the St. Petersburg/Gibbs Student Success Center

| TASK | START | FINISH | QTR. 3 2017<br>JUL AUG SEP | QTR. 4 2017<br>OCT NOV DEC | QTR. 1 2018<br>JAN FEB MAR | QTR. 2 2018<br>APR MAY JUN | QTR. 3 2018<br>JUL AUG SEP | QTR. 4 2018 - 2019<br>OCT JUN |
|---|---|---|---|---|---|---|---|---|
| Board approval, Schematic Design and Phase I construction | Tue 8/15/17 | Tue 8/15/17 | | | | | | |
| Phase I construction | Mon 8/21/17 | Fri 12/29/17 | | | | | | |
| Board approval, Phase II construction | Tue 10/17/17 | Tue 10/17/17 | | | | | | |
| Phase II construction | Tue 1/2/18 | Fri 6/29/18 | | | | | | |
| Board approval, Phase III construction | Tue 5/15/18 | Tue 5/15/18 | | | | | | |
| Phase III construction | Mon 7/2/18 | Fri 6/28/19 | | | | | | |

# Council of Presidents | 2018 Legislative Priorities

## *Florida College System Program Fund & Performance-Based Incentives Request $286 Million*

The Florida College System (FCS) serves as the primary entry point to higher education for Florida students and has been recognized as the nation's best. Since the Aspen Prize for Community College Excellence was first awarded in 2011, two FCS institutions have won the prize, three were named finalists with distinction, and over half have been among the nation's top 150. The 28 colleges of the provide the necessary programs for transfer students to the State University System (SUS), meet local workforce needs through degree and certificate programs, and offer low-cost baccalaureate degree programs in areas with demonstrated workforce need.

While serving nearly 800,000 students, the FCS plays an integral part in Florida's degree attainment and workforce training needs. With more than half of FCS graduating students transferring to universities, there is a direct correlation between supporting our students and strengthening our state universities in order to achieve a preeminent destination status. The Council of Presidents (COP) fully supports this "2+2" partnership. FCS students are on par or above native university students.

The budget initiatives listed below increase the state's investment for meeting current and future needs related to degree attainment and job creation; it also restores system program funding from the previous fiscal year.  Additional funding requests include $401 million for Public Education Capital Outlay (PECO), $210 million for deferred maintenance, and the operational cost of new facilities (OCNF). These dollars are imperative to maintaining the operations of campus facilities and hurricane hardening to ensure FCS institutions are meeting the needs of the students and the communities we serve.

| **2018 Legislative Priorities** | |
|---|---|
| **Request: (*Recurring*)** | **Goal** |
| **$80 million for performance-based funding**<br><br>*(includes $40 million state investment and $40 million institutional investment)* | Continue strategic improvements in areas of job placement and continuing education, retention and completion rates, and wage earnings. |
| **$14 million for industry certifications** | Expand the number of nationally recognized high-value certificates that address areas of critical workforce need in emerging or targeted industries. |
| **$75 million for Workforce Preparation** | Increase degree and certificate programs to fulfill identified employment gaps in high-demand areas. |
| **$67 million for Student Success and Completion** | Establish program-specific "2+2" targeted pathways and shorten time-to-degree completion by investing in services, including mental and behavioral health, to promote student success, persistence, and retention. |
| **$50 million for Faculty Recruitment and Retention** | Recruit and retain high quality faculty and staff, with focus on competitive fields including STEM. |

# Council of Presidents | 2018 Legislative Priorities

## Performance-Based Incentive Funding: *$94 million*

***Performance Funding: $80 million***

The Florida College System (FCS) performance-based incentive program awards funding to FCS institutions based on four measures adopted by the State Board of Education: student retention and completion rates, earnings outcomes, and continuing education/job placement.

For the 2018-19 Fiscal year, the FCS Council of Presidents (COP) requests a total of **$80 million** for performance-based funding from the Florida Legislature, which includes **$40 million** in institutional investments and a recurring state investment of **$40 million** distributed to colleges who qualify through the metrics. These new state funds are necessary in order to continue supporting students through high-impact program enhancements that promote retention and on-time completion.

COP also supports the four measures of the performance funding model that were codified into law in 2016 and requests that these metrics remain intact through the 2018-19 Fiscal Year.

***Industry Certifications: $14 million***

In order to best meet the career pathways of our students, the Council of Presidents believes increasing Career and Professional Education Industry Certifications to **$14 million** will accommodate the rising postsecondary industry certifications at FCS institutions.

## Workforce Preparation: *$75 million*

The Council of Presidents requests **$75 million** through the FCS Funding Formula to increase certificate and degree programs that address regional business and industry needs. This request emphasizes identified employment gaps in high skill/high-wage occupations found in the Florida Chamber of Commerce's *Florida Jobs 2030* report and the 2017 gap analysis commissioned by COP.

New and expanded workforce programs impacted by this funding will provide the necessary training for occupations in high-demand fields such as aerospace and aviation, finance and professional services, health care and life sciences, and logistics and distribution, manufacturing, computer science and information technology.

# Council of Presidents | 2018 Legislative Priorities

## Student Success and Completion: *$67 million*

The FCS plays a pivotal role and strategic position in ensuring that our state meets the ambitious completion and attainment goal set forth by the Higher Education Coordinating Council (HECC). The COP is fully committed to helping reach HECC's postsecondary attainment goal of 55% of Floridians between the ages of 25 and 64 holding a degree or postsecondary certificate by the year 2025. Therefore, COP requests an additional state investment of **$67 million** through the FCS Funding Formula for the following student success-related initiatives targeting the attainment goal:

***Increase Advising and Enhance Student Support Services***

Intensive or intrusive advising is a prudent practice for improving retention and completion rates; however, in order for advisors to be most effective, student to advisor ratios must be manageable. According to an October 2016 aggregate report, the average FCS advisor load was 730:1 – well above the National Academic Advising Association recommended 400:1 students-to-advisor ratio.

Tutoring, academic coaching, and related services are imperative for student retention, persistence, and degree attainment, especially for students enrolling in open-access institutions. Colleges are also increasingly tasked to provide a comprehensive campus-wide approach to mental health, behavioral health, and addiction recovery in order to address the multifaceted needs of postsecondary students who come from a diverse student population. Funds provided for this initiative will be utilized to increase on-campus and virtual student support services in these areas.

***Strengthen Guided Pathways and Program Maps – Maintain Timeliness to Degree & Transfer***

Monitoring students on a strict program pathway will help avoid unnecessary course enrollments, remain on time to finish, and most importantly, progress toward their intended destination. Pathway development will improve outcomes for "2+2" statewide articulation and prepare students in advance for specific program entry or targeted pathways into selective SUS programs and/or timely entry into the workforce.

***Improve 'Gateway' Course Success and Further Eliminate Non-College Credit English/Math Barriers***

Prior to the passage and implementation of Senate Bill 1720 in 2013, Developmental Education accounted for 10.2 percent of all FCS FTE. That number has dropped drastically to 4.3 percent in 2016-17 with students transitioning their enrollment to college-level courses. While there are fewer students enrolled in developmental education courses, colleges continue to provide services to those same students. These students are often underprepared for college-level Math and English and therefore must be taught via contextual learning, co-curricular courses, increased online and on-campus tutoring, and other services and technologies to promote student success and completion.

# Council of Presidents | 2018 Legislative Priorities

## Recruitment and Retention: *$50 million*

For the FCS to continue to be among the best in the nation, we must improve efforts to retain our best faculty and to recruit new faculty and staff in an ever-increasingly competitive market. Of particular concern is the ability of FCS institutions to offer a competitive salary for high-demand STEM faculty. To achieve this goal, the COP respectfully requests an additional state investment of **$50 million** through the FCS Funding Formula for innovative strategies that target the recruitment and retention of the best and brightest faculty and staff.

# Capital Outlay Infrastructure Requests

## Public Education Capital Outlay (PECO): *$401 million*

COP requests the following funds to complete the number one capital outlay priority projects at each of the 28 colleges. These projects have been submitted to the Florida Department of Education, which are ranked through a focus on STEM and high-wage programs. This year's priorities include both partially funded and recently approved projects.

## Deferred Maintenance: *$210 million*

Funding for system-wide deferred facilities maintenance is critical for maintaining the infrastructure of our colleges' campuses. According to the 2016 Facilities Inventory Report, the FCS has indicated $1.05 billion of deferred maintenance needs over the next five years. Annually, this equates to roughly $210 million per year for maintenance, repairs, and general renovation and remodeling.

Throughout the FCS, there are currently 2,171 buildings totaling 42,306,500 gross square feet, with an average age of 26.8 years. The cost to <u>replace</u> this amount of square footage (at current construction costs) would total approximately $12.7 billion. The degradation of facilities – including age, use and environmentally-related occurrences – creates life-to-safety hazards and a failing infrastructure which impacts the health of students, faculty and staff.

## Operating Cost of New Facilities (OCNF)

In the past two years, the FCS has opened 562,721 new gross square feet. Traditionally, the legislature has appropriated funds for the operating cost of new facilities. Despite the aforementioned significant increase in gross square footage, the FCS did not receive OCNF funds for 2017-18 and only received an annualized portion the previous fiscal year. The COP requests consideration for operating costs of new facilities.

St. Petersburg College (SPC) is requesting approval to replicate St. Petersburg Collegiate High School in Northern Pinellas County. St. Petersburg Collegiate High School (SPCHS) opened in August 2004 to offer serious-minded, mature students the opportunity to accelerate their education. SPCHS students are enticed by the unique opportunities available by being on a college campus with the support provided by the SPCHS staff. SPCHS provides a distinctive educational experience with all the challenging academic rigor of college, balanced with an appropriate social environment that includes traditional high school events and activities.

The mission, vision, and core values create the culture of SPCHS. Our mission states, “Students will simultaneously earn a high school diploma, an Associate in Arts degree, and qualify for a Bright Futures scholarship;” our vision states, “We cultivate motivated learners, develop critical thinkers, and empower visionary leaders;” and our core values are, “Students First, Collaborative Learning, Continual Improvement, Integrity, Mutual Respect, and Family/Community Environment.” These aspirations are the foundation for all we do at SPCHS. The vision, mission, and core values are internalized and are used, with data, to inform decisions.

For several years, SPCHS has had far more applicants than openings. For the 2017-18 school year, over 100 sophomores are still on the waitlist. Furthermore, applicants who live in North Pinellas County often decline the invitation to attend SPCHS due to the far distance from their residence. Replicating our school in North Pinellas would allow these students the opportunity to attend this distinctive and highly successful school.

SPCHS offers a unique opportunity for students to gain the required life and academic skills necessary for them to achieve their dreams. SPCHS sophomores enjoy a rigorous and challenging curriculum that pushes them to achieve at high levels. Students are required to think, work as members of a team, and apply knowledge to solve problems in a variety of situations. Students develop critical reading, writing and research skills, and they learn to use technology effectively for a variety of tasks, including presentations and projects. Furthermore, in Chemistry, students enjoy using the SPC lab where they analyze data to make predictions and demonstrate learning. Additionally, college readiness skills are infused into the sophomore and junior years to further strengthen students’ academic foundation. Through continual analysis of student data, SPCHS has created a strong sophomore curriculum where individualized teaching to remediate gaps is provided empowering students to excel.

Juniors and seniors at SPCHS are fully dual enrolled in all college courses with regular college students on the college campus, thus benefiting from an exceptional academic experience but with all of the support and social events that make the high school years productive and enjoyable. Students follow the St. Petersburg College schedule attending classes Monday through Thursday and usually take six college courses each term. Students are expertly guided by the SPCHS guidance counselor and college advisor to ensure they meet the requirements for high school, the Associate in Arts degree, and take prerequisites aligned tot their major. The SPCHS high school graduation rate is consistently 100% and the Associate in Arts degree graduation rate has been between 94-100% for the past six years. There is no cost to attend.

The SPCHS Leadership Program was created to address the students’ need for guided leadership skills development, in alignment with the school’s vision of “empowering visionary leaders.” In sophomore year, we focus on building foundational leadership skills. In junior year, we employ the services of a nationally recognized etiquette coach who teaches students business etiquette, table manners, social media and networking skills, and dressing for success. Juniors begin the formation of their e-portfolio and are encouraged to seek leadership roles. Seniors take a college leadership course, are encouraged to seek significant leadership roles, and are required to showcase their e-portfolio to parents and community members at the Senior Capstone Event.

SPCHS established a Learning Lab that offers academic and career support for students to ensure all students have the just-in-time support necessary to succeed. The Learning Lab provides students access to course and career guidance. SPCHS instructors offer tutoring there in addition to that offered before and after school. To create structure as juniors and seniors transition to all college courses, we require students to spend at least 2 ½ hours per week studying in the Learning Lab, thereby providing support as they work on class assignments.

Students are introduced to the positive culture of SPCHS during orientation, where they participate in team building activities, learn expectations, write their mission statement, establish goals, and discover resources and support to empower them to excel. The dedicated SPCHS staff nurtures a culture of learning by empowering students to take responsibility for their education and by serving as coaches and mentors. Students quickly discover that SPCHS staff care about them as individuals, which builds trust and removes barriers. This "family-like" culture encourages students to collaborate and ask for help when needed. Students thrive in a culture of collaboration and respect. They encourage each other to meet the mission and vision while realizing their goals. To spur continual success, student and staff recognition occurs informally on a regular basis and formally during our awards programs and at graduation.

Guidance counseling, academic advising, weekly seminars, and the numerous social events offered by SPCHS and SPC foster students' academic, social, and emotional growth. Furthermore, SPCHS offers many of the social events one would expect at high school, such as prom and a fall dance. Students also enjoy numerous college events for free as SPC students. SPCHS values community and parent involvement. Our active Parent, Teacher, and Student Association (PTSA), provides input and helps plan social events for students. The School Advisory Council (SAC), comprised of parents, students, staff, and community members, provides feedback and offers suggestions for continual improvement.

Other partnerships include Rotary which sponsors our Interact Club and supports collaborative community service projects. Another outstanding partner is Junior Achievement (JA). JA empowers SPCHS students to facilitate a financial literacy program for elementary-aged children and provides leadership training for juniors. This year, JA presented SPCHS with their 2017 Outstanding Achievement Award for our students' leadership and service for the past ten years. Furthermore, SPCHS received the Five Star Community Involvement Award for 2015 and 2016.

As a result of a continual focus on student achievement, St. Petersburg Collegiate High School has been recognized as a National Blue Ribbon Exemplary High Performing School for 2017 by U. S. Secretary of Education, Betsy DeVos. Newsweek ranked SPCHS 2nd in Florida, 55th nationally, and 53rd nationally for helping students of poverty excel in 2016. In the 2017 Niche Rankings SPCHS was #3 for Best Public High School in Tampa Bay and #7 charter school in the state. Furthermore, SPCHS has received U.S. News and World Report's bronze level award for the past five years and has been awarded an "A" grade from the State of Florida each year since opening in 2004. Finally, as a High Performing Charter school since 2011, and excellent high school and graduation rates, SPC/SPCHS has demonstrated our team's capacity to successfully replicate and operate a high-quality school in North Pinellas County.

# St. Petersburg College Foundation, Inc.

Report to the Board of Directors

July 24, 2017

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

Board of Directors and Management
St. Petersburg College Foundation, Inc.
St. Petersburg, Florida

We are pleased to present this report related to our audit of the financial statements of St. Petersburg College Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Institute's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management of St. Petersburg College Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to St. Petersburg College Foundation, Inc.

**Gregory, Sharer & Stuart, P.A.**

Gregory, Sharer + Stuart, P.A.

St. Petersburg, Florida
July 24, 2017

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

## Table of Contents

St. Petersburg College Foundation, Inc.
Required Communications
Year Ended March 31, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

| Area | Comments |
|---|---|
| Our Responsibilities with Regard to the Financial Statement Audit | Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* have been described to you in our arrangement letter dated May 15, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter. |
| Overview of the Planned Scope and Timing of the Financial Statement Audit | We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement. |
| Accounting Policies and Practices | **Adoption of, or Change in, Accounting Policies**<br><br>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation.<br><br>The Foundation's significant accounting policies are disclosed in Note B to the financial statements.<br><br>**Significant or Unusual Transactions**<br><br>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.<br><br>**Management's Judgments and Accounting Estimates**<br><br>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates. |
| Audit Adjustments | There were no audit adjustments made to the original trial balance presented to us to begin our audit. |
| Uncorrected Misstatements | We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial. |
| Disagreements with Management | We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements. |
| Consultations with Other Accountants | We are not aware of any consultations management had with other accountants about accounting or auditing matters. |
| Significant Issues Discussed with Management | No significant issues arising from the audit were discussed or the subject of correspondence with management. |

| Area | Comments |
|---|---|
| Significant Difficulties Encountered in Performing the Audit | We did not encounter any significant difficulties in dealing with management during the audit. |
| Significant Written Communications Between Management and Our Firm | Copies of significant written communications between our firm and the management of the institute are attached as Exhibit A. |

## St. Petersburg College Foundation, Inc.
### Summary of Significant Accounting Estimates
### Year Ended March 31, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Foundation's March 31, 2017 financial statements.

| Estimate | Accounting Policy and Estimation Process | Comments |
|---|---|---|
| Valuation of Investments (Including Endowment Investments) | The value of investments is based on the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets.<br>In the case of pooled funds or mutual funds, the value is determined by multiplying the number of units held in the pool by the prices per unit share as quoted by the broker and/or investment manager.<br>The net change in the value of investments consists of both realized and unrealized gains and losses on investments.<br>Investments income consists of realized/ unrealized gains and losses and interest and dividends, net of investment fees. | We evaluated the key factors and assumptions used by management and determined that the estimate is reasonable in relation to the combined financial statements taken as a whole. |
| Valuation of Remainder Interest in Trusts and Estates | Management measures remainder interest in trusts and estates at fair value on a recurring basis based on statements from the donors. | We evaluated the key factors and assumptions used by management and determined that the estimate is reasonable in relation to the financial statements taken as a whole. |
| Value of In-Kind Contributions | The value of donated materials, supplies, and services is based upon the estimated fair value of the donated items and services received. Fair value is determined by the amount of cash that would have been paid by the Foundation for the in-kind items and services if they were purchased. | We evaluated the key factors and assumptions used and determined that the estimate is reasonable in relation to the financial statements taken as a whole. |
| Allocation of Functional Expenses | Management allocates expenses to two different functional categories based on time and expense spent for each function. | We evaluated the key factors and assumptions used by management and determined that the estimate is reasonable in relation to the financial statements taken as a whole. |

Exhibit A

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

*Right Answers. Right Now.®*

Victoria R. Bartlett, CPA
Bo S. Brault, CPA
M. Timothy Farrell, CPA
Daniel J. Hevia, CPA
Robert L. Ingham, CPA
Troy Kimbrough, CPA
James G. Newman, CPA
Scott C. Pearce, CPA
Paula D. Popovich, CPA
Byron C. Smith, CPA
Carlos R. Vila, CPA

May 15, 2017

Frances Neu, Executive Director, Board Secretary
St. Petersburg College Foundation, Inc.
PO Box 13489
St. Petersburg, FL 33733

**The Objective and Scope of the Audits of the Financial Statements**

You have requested that we audit the financial statements of the business-type activities of St. Petersburg College Foundation, Inc. (the Foundation), a component unit of St. Petersburg College, which comprise the statements of net position as of March 31, 2017, 2018, 2019, 2020, and 2021; the related statements of revenues, expenses, and change in net position, and cash flows for the years then ending; and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audits will be conducted with the objective of our expressing an opinion on the financial statements.

**The Responsibilities of the Auditor**

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States; and, as applicable, the Florida Single Audit Act, the State Projects Compliance Supplement, and Chapter 10.650, *Rules of the Auditor General.* Those standards, act, supplement, and chapter require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audits.

We will also communicate to the finance and investment advisory committee and board of directors *(a)* any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audits, and *(b)* any instances of noncompliance with laws and regulations that we become aware of during the audits (unless they are clearly inconsequential).

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany St. Petersburg College Foundation, Inc.'s special purpose financial statements. As part of our engagement, we will apply certain limited procedures to the Foundation's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

Management's Discussion and Analysis

The following additional information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion.

Unaudited Schedule of Collections

**The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audits will be conducted on the basis that management and when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

a. For the preparation and fair presentation of the financial statements and related notes in accordance with accounting principles generally accepted in the United States of America.
b. As applicable, for the preparation of the schedule of expenditures of state financial assistance and related notes in accordance with the requirements of the Florida Single Audit Act.
c. 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 and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.
d. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan; and (c) report distribution including submitting the reporting package(s).
e. To provide us with:
   1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
   2) Additional information that we may request from management for the purpose of the audits;
   3) Unrestricted access to persons within the Foundation from whom we determine it necessary to obtain audit evidence:
   4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
   5) As applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit including among other items:

a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Foundation complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Foundation involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Foundation received in communications from employees, former employees, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The finance and investment advisory committee and board of directors are responsible for informing us of their views about the risks of fraud or abuse within the foundation, and their knowledge of any fraud or abuse or suspected fraud or abuse affecting the Foundation.

Because Gregory, Sharer & Stuart, P.A. will rely on the Foundation and its management, finance and investment advisory committee, and board of directors to discharge the foregoing responsibilities, the Foundation holds harmless and releases Gregory, Sharer & Stuart, P.A., its shareholders, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Foundation's management which has caused, in any respect, Gregory, Sharer & Stuart, P.A.'s breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the Foundation's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audits or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Foundation's books and records. Management will determine that all such data, if necessary, will be so reflected. Accordingly, the Foundation will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Foundation personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. The timely and accurate completion of this work is an essential condition to our completion of the audits and issuance of our audit reports.

In connection with our audits, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the Foundation's financial statements and related notes; drafting the schedule of expenditures of state financial assistance and related notes, if applicable; and proposing adjustments to the trial balances.

The independence standards of *Government Auditing Standards* issued by the Comptroller General of the United States require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Foundation, we determine whether providing such a service would create a significant threat to our independence for *Government Auditing Standards* audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The Foundation has agreed that Edel Quinn, Chief Financial Officer, possesses suitable skill, knowledge, or experience and that the individual understands the above services to be performed sufficiently to oversee them. Accordingly, the management of the Foundation agrees to the following:

a. The Foundation has designated Edel Quinn, Chief Financial Officer, a senior member of management who possesses suitable skill, knowledge, and experience to oversee the drafts of the financial statements, trial balance adjustments, and tax returns.
b. Edel Quinn, Chief Financial Officer, will assume all management responsibilities for subject matter and scope of the services listed above.
c. The Foundation will evaluate the adequacy and results of the services performed.
d. The Foundation accepts responsibility for the results and ultimate use of the services.

*Government Auditing Standards* further require we establish an understanding with the management and those charged with governance of the Foundation of the objectives of the non-audit services, the services to be performed, the Foundation's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit services. We believe this letter documents that understanding.

**Tax Services**

We will also prepare the federal information returns, Forms 990, for the years ending March 31, 2017, 2018, 2019, 2020, and 2021, which you will be required to file. We remind you that you have the final responsibility for the returns, and therefore, you should review them carefully before you sign and file them.

Our work in connection with the preparation of the tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

Management is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, or experience to oversee the tax services, or other nonattest services we provide. Management is responsible for evaluating the adequacy and results of any tax services performed and accepting responsibility for such services.

**Other Relevant Information**

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report has been provided for your information.

**Fees, Costs, and Access to Workpapers**

Our fees for the services described in this letter are based on our standard hourly rates and will be as follows:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Financial and compliance audits | $ 26,000 | $ 26,000 | $ 26,000 | $ 26,000 | $ 26,000 |
| Form 990 preparation | 3,250 | 3,250 | 3,250 | 3,250 | 3,250 |
| Foundation sponsorship | (2,500) | (2,500) | (2,500) | (2,500) | (2,500) |
| | $ 26,750 | $ 26,750 | $ 26,750 | $ 26,750 | $ 26,750 |

Direct expenses are estimated to be $500 per year.

Our fee estimate and completion of our work is based upon the following criteria:

a. Anticipated cooperation from Foundation personnel.
b. Timely responses to our inquiries.
c. Timely completion and delivery of client assistance requests.
d. Timely communication of all significant accounting and financial reporting matters.
e. The assumption that unexpected circumstances will not be encountered during the engagement.

Billings will be submitted in accordance with the approved fee schedule and are due upon submission. A service charge of 1.25% monthly, 15% annual rate, will be added to any invoices which are over 30 days old. In accordance with our firm policies, work may be suspended if you account becomes 90 days of more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagements will be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

In the event we are requested or authorized by the Foundation or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Foundation, the Foundation will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of Gregory, Sharer & Stuart, P.A. and constitutes confidential information. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of Gregory, Sharer & Stuart, P.A. audit personnel and at a location designated by our firm.

**Claim Resolution**

The Foundation and Gregory, Sharer & Stuart, P.A. agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by Gregory, Sharer & Stuart, P.A. or the date of this arrangement letter if no report has been issued. The Foundation waives any claim for punitive damages. Gregory, Sharer & Stuart, P.A.'s liability for all claims, damages and costs of the Foundation arising from this engagement is limited to the amount of fees paid by the Foundation to Gregory, Sharer & Stuart, P.A. for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

**Reporting**

We will issue written reports upon completion of our audits of the Foundation's financial statements. Our reports will be addressed to the board of directors of the St. Petersburg College Foundation, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our reports on the financial statements, we will also issue the following types of reports and schedules:

- Reports on the fairness of the presentation of the Foundation's schedule of expenditures of state financial assistance, if applicable, for the years ending March 31, 2017, 2018, 2019, 2020, and 2021.
- Reports on internal control related to the financial statements and projects. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by Chapter 10.650, Rules of the Auditor General, on each major project, if applicable.
- Management letters, if required by Chapter 10.650, *Rules of the Auditor General.*

If applicable, and depending on the results of our audits, the financial statement reporting package might also include:

- A schedule of findings and questioned costs.
- A corrective action plan.

This letter constitutes the complete and exclusive statement of agreement between Gregory, Sharer & Stuart, P.A. and the Foundation, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audits of the financial statements and tax services, including our respective responsibilities.

**Gregory, Sharer & Stuart, P.A.**

Daniel J. Hevia, CPA

DJH/pf

**The foregoing letter fully describes the services required and is accepted by us.**

Frances Neu, Executive Director, Board Secretary

SPC St. Petersburg College Foundation, Inc.

July 24, 2017

Gregory, Sharer & Stuart, P.A
100 Second Avenue South
Suite 600
St. Petersburg, FL 33701

This representation letter is provided in connection with your audits of the basic financial statements of St. Petersburg College Foundation, Inc. (the Organization), as of March 31, 2017 and 2016 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (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 involved an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, that as of July 24, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 15, 2017 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Contingencies Topic of the FASB ASC and/ or Governmental Accounting Standards Board (GASB) Statement No. 10.

9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the basic financial statements.

10. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Uniform Guidance or the Florida Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards or state financial assistance during the period of these audits.

11. We have no knowledge of any uncorrected misstatements in the basic financial statements.

Information Provided

12. 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 audits;
    c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence; and
    d. Minutes of the meetings of stockholders, directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of allegations of fraud or suspected fraud affecting St. Petersburg College Foundation's financial statements involving:

    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.

17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.

20. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.

21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.

Supplementary Information

23. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.
    b. We believe such information, including its form and content, is fairly presented in accordance with Governmental Accounting Standards.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

24. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Other Unaudited Information*

25. With respect to the Unaudited Schedule of Collections presented:

    a. The schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.
    b. The schedule is marked "unaudited" and has not been subjected to the auditing procedures applied in the audits of the basic financial statements.

*Compliance Considerations*

In connection with your audits conducted in accordance with *Government Auditing Standards*, we confirm that management:

26. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

27. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that 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.

28. Has identified and disclosed to the auditor all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to all audit objectives.

29. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the basic financial statements or other financial data significant to the audit objectives

30. Has a process to track the status of audit findings and recommendations.

31. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

32. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

**St. Petersburg College Foundation, Inc.**

Frances N

Frances Neu,
Chief Executive Officer

# Institute for Strategic Policy Solutions, Inc.

Report to the Board of Directors

July 14, 2017

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

Board of Directors
Institute for Strategic Policy Solutions, Inc.
St. Petersburg, Florida

We are pleased to present this report related to our audit of the financial statements of Institute for Strategic Policy Solutions, Inc. (Institute) as of and for the year ended March 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Institute's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management of Institute for Strategic Policy Solutions, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Institute for Strategic Policy Solutions, Inc.

**Gregory, Sharer & Stuart, P.A.**

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
July 14, 2017

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

## Table of Contents

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

| Area | Comments |
|---|---|
| **Our Responsibilities with Regard to the Financial Statement Audit** | Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* have been described to you in our arrangement letter dated August 5, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter. |
| **Overview of the Planned Scope and Timing of the Financial Statement Audit** | We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement. |
| **Accounting Policies and Practices** | **Adoption of, or Change in, Accounting Policies**<br>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Institute.<br>The Institute's significant accounting policies are disclosed in Note B to the financial statements.<br>**Significant or Unusual Transactions**<br>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.<br>**Management's Judgments and Accounting Estimates**<br>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates. |
| **Audit Adjustments** | There were no audit adjustments made to the original trial balance presented to us to begin our audit. |
| **Uncorrected Misstatements** | We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial. |
| **Disagreements with Management** | We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements. |
| **Consultations with Other Accountants** | We are not aware of any consultations management had with other accountants about accounting or auditing matters. |

## Institute for Strategic Policy Solutions, Inc.
Required Communications
Year Ended March 31, 2017

| Area | Comments |
| --- | --- |
| Significant Issues Discussed with Management | No significant issues arising from the audit were discussed or the subject of correspondence with management. |
| Significant Difficulties Encountered in Performing the Audit | We did not encounter any significant difficulties in dealing with management during the audit. |
| Significant Written Communications Between Management and Our Firm | Copies of significant written communications between our firm and management of the Institute are attached as Exhibit A. |

# Institute for Strategic Policy Solutions, Inc.
## Summary of Significant Accounting Estimates
## Year Ended March 31, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Institute's March 31, 2017 financial statements.

| Estimate | Accounting Policy and Estimation Process | Comments |
|---|---|---|
| **Value of In-Kind Contributions** | The value of donated materials, supplies, and services is based upon the estimated fair value of the donated items and services received. Fair value is determined by the amount of cash that would have been paid by the Institute for the in-kind items and services if they were purchased. | We evaluated the key factors and assumptions used and determined that the estimate is reasonable in relation to the financial statements taken as a whole. |

Exhibit A

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

August 5, 2015

George Greer, Chairman
David Klement, Executive Director
Institute for Strategic Policy Solutions, Inc.
PO Box 13489
St. Petersburg, FL 33733-3489

The Objective and Scope of the Audits of the Financial Statements

You have requested that we audit the financial statements of Institute for Strategic Policy Solutions, Inc. (the Institute), which comprise the statements of financial position as of March 31, 2016, 2017, and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audits will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the comptroller general of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse,

In making our risk assessments, we consider internal control relevant to the Institute's preparation and fair presentation of the financial statements 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 Institute's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audits of the financial statements that we have identified during the audits.

We will also communicate to the board of directors *(a)* any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audits, and *(b)* any instances of noncompliance with laws and regulations that we become aware of during the audits (unless they are clearly inconsequential).

100 Second Avenue South • Suite 600 • St. Petersburg, Florida 33701-4336
(727) 821-6161 | FAX (727) 822-4573
www.gsscpa.com

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany Institute for Strategic Policy Solutions, Inc.'s special purpose financial statements. As part of our engagement, we will apply certain limited procedures to the Institute's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

Management's Discussion and Analysis

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audits will be conducted on the basis that management acknowledge and understand that they have responsibility:

a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
b. 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; and
c. To provide us with:
   (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
   (2) Additional information that we may request from management for the purpose of the audits; and
   (3) Unrestricted access to persons within the Institute from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audits, including among other items:

a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Institute complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Institute involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Institute received in communications from employees, former employees, regulators, or others.

Management is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any tax services, or other nonattest services we provide. Management is responsible for evaluating the adequacy and results of any tax services performed and accepting responsibility for such services.

The board of directors is responsible for informing us of its views about the risks of fraud within the Institute, and its knowledge of any fraud or suspected fraud affecting the Institute.

Because Gregory, Sharer & Stuart, P.A. will rely on Institute for Strategic Policy Solutions, Inc. and its management and board of directors to discharge the foregoing responsibilities, the Institute holds harmless and releases Gregory, Sharer & Stuart, P.A., its shareholders, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Institute's management which has caused, in any respect, Gregory, Sharer & Stuart, P.A.'s breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Institute's Records and Assistance

If circumstances arise relating to the condition of the Institute's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audits or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Institute's books and records. The Institute will determine that all such data, if necessary, will be so reflected. Accordingly, the Institute will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Institute personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. The timely and accurate completion of this work is an essential condition to our completion of the audits and issuance of our audit reports.

If, in connection with our audits, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

The independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States (GAS) require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Institute, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The Institute has agreed that Theresa Furnas, Associate VP of Financial and Business Services, possesses suitable skill, knowledge, or experience and that the individual understands the above services to be performed sufficiently to oversee them. Accordingly, the management of the Institute agrees to the following:

a. The Institute has designated Theresa Furnas, Associate VP of Financial and Business Services, a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the drafts of the financial statements, trial balance adjustments, and information returns.
b. Theresa Furnas, Associate VP of Financial and Business Services, will assume all management responsibilities for subject matter and scope of the services listed above.
c. The Institute will evaluate the adequacy and results of the services performed.
d. The Institute accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management (and those charged with governance) of the Institute of the objectives of the non-audit service, the services to be performed, the Institute's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report has been provided for your information.

## Fees, Costs, and Access to Workpapers

Our fees for the services described herein are based upon the value of the services performed and the time required by the individuals assigned to the engagement and will be $7,500 per year, assuming no significant changes in operations, plus direct expenses.

Our fee estimate and completion of our work is based upon the following criteria:

a. Anticipated cooperation from Institute personnel
b. Timely responses to our inquiries
c. Timely completion and delivery of client assistance requests
d. Timely communication of all significant accounting and financial reporting matters
e. The assumption that unexpected circumstances will not be encountered during the engagement

Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. A service charge of 1.25% monthly, 15% annual rate, will be added to any invoices over 30 days old. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

In the event we are requested or authorized by the Institute or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Institute, the Institute will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of Gregory, Sharer & Stuart, P.A. and constitutes confidential information. However, you acknowledge and grant your assent that representatives of government audit staffs and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by an oversight agency. Access to requested documentation will be provided under the supervision of Gregory, Sharer & Stuart, P.A. audit personnel and at a location designated by our Firm.

## Claim Resolution

Institute for Strategic Policy Solutions, Inc. and Gregory, Sharer & Stuart, P.A. agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by Gregory, Sharer & Stuart, P.A. or the date of this arrangement letter if no report has been issued. Institute for Strategic Policy Solutions, Inc. waives any claim for punitive damages. Gregory, Sharer & Stuart, P.A.'s liability for all claims, damages and costs of the Institute arising from this engagement is limited to the amount of fees paid by the Institute to Gregory, Sharer & Stuart, P.A. for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

## Reporting

We will issue written reports upon completion of our audits of the Institute's financial statements. Our reports will be addressed to the board of directors of the Institute for Strategic Policy Solutions, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our reports on the Institute's financial statements, we will also issue the following types of reports:

Reports on internal control related to the financial statements and on compliance and other matters. We will report on any noncompliance which could have a material effect on the financial statements.

This letter constitutes the complete and exclusive statement of agreement between Gregory, Sharer & Stuart, P.A. and Institute for Strategic Policy Solutions, Inc., superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audits of the financial statements, including our respective responsibilities.

**Gregory, Sharer & Stuart, P.A.**

Daniel J. Hevia, CPA

DJH/pf

The foregoing letter fully describes the services required and is accepted by us.

David Klement
David Klement, Executive Director

George Greer, Chairman, Board of Directors

# INSTITUTE FOR STRATEGIC POLICY SOLUTIONS

**SPC** St. Petersburg College

727-394-6942
PolicySolutionsInstitute@spcollege.edu
http://solutions.spcollege.edu
http://civicseducation.spcollege.edu

July 14, 2017

Gregory, Sharer & Stuart, P.A.
100 Second Avenue South
Suite 600
St. Petersburg, Florida 33701

This representation letter is provided in connection with your audits of the basic financial statements of Institute for Strategic Policy Solutions, Inc. (Institute), as of March 31, 2017 and 2016 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (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.

We confirm, to the best of our knowledge and belief, that as of July 14, 2017:

*Basic Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 5, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Contingencies Topic of the FASB ASC and/or Governmental Accounting Standards Board (GASB) Statement No. 10.

9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the basic financial statements.

10. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Uniform Guidance or the Florida Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards or state financial assistance during the period of this audit.

11. We have no knowledge of any uncorrected misstatements in the basic financial statements.

*Information Provided*

12. 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 audits;
    c. Unrestricted access to persons within the Institute from whom you determined it necessary to obtain audit evidence; and
    d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of allegations of fraud or suspected fraud affecting the Institute's financial statements involving:

    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Institute's basic financial statements received in communications from employees, former employees, regulators or others.

17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements.

19. We have disclosed to you the identity of the Institute's related parties and all the related-party relationships and transactions of which we are aware.

20. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Institute's ability to record, process, summarize and report financial data.

21. We are not aware of any communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.

*Supplementary Information*

23. With respect to Management's Discussion and Analysis presented as required by the GASB to supplement the basic financial statements:
    a. We acknowledge our responsibility for the presentation of such information.
    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

24. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Compliance Considerations*

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

25. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

26. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that 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.

27. Has identified and disclosed to the auditor all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to all audit objectives.

28. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the basic financial statements or other financial data significant to the audit objectives

29. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse that the auditor reports.

30. Has a process to track the status of audit findings and recommendations.

31. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

32. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Institute for Strategic Policy Solutions, Inc.

David Klement

Sign Here

David Klement, Executive Director

Vonda Woods

Vonda Woods, Director of Accounting Services

# The Leepa-Rattner Museum of Art, Inc.
A Component Unit of St. Petersburg College

Financial Statements
and Supplementary Information

March 31, 2017 and 2016

## Table of Contents

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

# Independent Auditor's Report

Board of Directors
The Leepa-Rattner Museum of Art, Inc.
Tarpon Springs, Florida

## Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of The Leepa-Rattner Museum of Art, Inc. (a component unit of St. Petersburg College), as of and for the years ended March 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise The Leepa-Rattner Museum of Art, Inc.'s basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of The Leepa-Rattner Museum of Art, Inc. as of March 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages six through nine be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it 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 audits 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 Unaudited Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Leepa-Rattner Museum of Art, Inc.'s basic financial statements. The Unaudited Schedule of Collections for 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is marked "unaudited" and has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2017 on our consideration of The Leepa-Rattner Museum of Art, Inc.'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 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 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 Leepa-Rattner Museum of Art, Inc.'s internal control over financial reporting and compliance.

**Gregory, Sharer & Stuart, P.A.**

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
July 14, 2017

Management's Discussion and Analysis

The management of The Leepa-Rattner Museum of Art, Inc. (Museum) presents the following Management's Discussion and Analysis (MD&A) narrative overview and analysis of the financial activities of the Museum for the year ended March 31, 2017, with comparative information for the years ended March 31, 2016 and 2015. The purpose of this discussion is to enable the reader to identify and understand the significant issues and changes in the financial condition of the Museum. The information presented here should be read in conjunction with the accompanying audited financial statements and footnotes, which begin on page 11. The financial statements, footnotes, and this MD&A were prepared by management and are the responsibility of management.

The Museum is a component unit of St. Petersburg College (College).

## Financial Highlights

### *Overview*

Management has elected not to capitalize the Museum's art collection. Management believes that discontinuing the capitalization of the collection is preferable to continuing to capitalize the collection. The presentation of the collection as not capitalized is the most widely practiced method of presentation for organizations similar to the Museum.

The value of the Museum's collections has been excluded from the Statement of Net Position, and artwork gifts are excluded from revenue in the Statement of Revenues, Expenses, and Change in Net Position.

The Museum's financial position as a whole improved during the year ended March 31, 2017, with an increase in net position of $20,133, or 4%. The Museum's revenues and other support exceeded expenses, increasing the net position to $523,597.

### *Presentation*

The Museum presents its financial report in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), which focuses the reader of the financial reports on an organization's overall financial condition and change in net position and cash flows taken as a whole.

***Condensed Schedule of Net Position***

| | March 31, 2017 | Change | | March 31, 2016 | Change | | March 31, 2015 |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Current assets | $ 265,416 | $ 48,397 | 22% | $ 217,019 | $ (22,961) | (10%) | $ 239,980 |
| Noncurrent assets | 277,385 | (21,920) | (7%) | 299,305 | 27,967 | 10% | 271,338 |
| Total assets | $ 542,801 | $ 26,477 | 5% | $ 516,324 | $ 5,006 | 1% | $ 511,318 |
| Liabilities | | | | | | | |
| Current liabilities | $ 19,204 | $ 6,344 | 49% | $ 12,860 | $ (34,808) | (73%) | $ 47,668 |
| Net position | | | | | | | |
| Restricted - expendable | 82,302 | (27,144) | (25%) | 109,446 | 49,635 | 83% | 59,811 |
| Unrestricted | 441,295 | 47,277 | 12% | 394,018 | (9,821) | (2%) | 403,839 |
| Total net position | 523,597 | 20,133 | 4% | 503,464 | 39,814 | 9% | 463,650 |
| Total liabilities and net position | $ 542,801 | $ 26,477 | 5% | $ 516,324 | $ 5,006 | 1% | $ 511,318 |

The Statement of Net Position includes all assets and liabilities of the Museum. Net position serves as a useful indicator of an organization's financial health over time. Particular aspects of the Museum's financial operations influenced the increase in net position for the year ended March 31, 2017.

The Condensed Schedule of Net Position shows the assets, liabilities, and net position as of March 31, 2017, 2016, and 2015. Current assets of the Museum consist primarily of cash and cash equivalents, inventory, and receivables. Current assets increased by $48,397 or 22% during 2017, and decreased by $22,961 or 10% during 2016. A major component of the 2017 increase was an increase in cash and cash equivalents. A major component of the 2016 decrease was the use of cash for general operating expenses.

Noncurrent assets in 2017 consist of investments in a certificate of deposit, grand piano, and pledges receivable. Noncurrent assets decreased by $21,920 during 2017 primarily due to collection of existing pledges receivable and no new pledges receivable. Noncurrent assets increased by $27,967 during 2016 primarily due to new pledges receivable.

Current liabilities increased by $6,344 or 49% during 2017. The major components of the 2017 increase was a growth in deferred revenue. Current liabilities decreased by $34,808 or 73% during 2016. This was primarily due to a reduction in deferred revenue and a decrease in accounts payable.

***Condensed Schedule of Revenues, Expenses, and Change in Net Position***

| | Year Ended March 31, 2017 | Change | | Year Ended March 31, 2016 | Change | | Year Ended March 31, 2015 |
|---|---|---|---|---|---|---|---|
| Operating revenues and expenses | | | | | | | |
| Operating revenues | $ 613,277 | $ (187,703) | (23%) | $ 800,980 | $ (34,545) | (4%) | $ 835,525 |
| Operating expenses | 652,060 | (249,573) | (28%) | 901,633 | (23,552) | (3%) | 925,185 |
| Operating loss | (38,783) | 61,870 | (61%) | (100,653) | (10,993) | 12% | (89,660) |
| Non-operating revenues | 58,916 | (81,551) | (58%) | 140,467 | 65,282 | 87% | 75,185 |
| Change in net position | 20,133 | (19,681) | (49%) | 39,814 | 54,289 | (375%) | (14,475) |
| Net position, beginning of year | 503,464 | 39,814 | 9% | 463,650 | (14,475) | (3%) | 478,125 |
| Net position, end of year | $ 523,597 | $ 20,133 | 4% | $ 503,464 | $ 39,814 | 9% | $ 463,650 |

The Statement of Revenues, Expenses, and Change in Net Position reports revenues earned and expenses incurred during the year as either operating or non-operating. Revenues and expenses that are connected directly to the Museum's primary functions are reported as operating revenues and expenses, respectively, and grants, contributions, and investment results are reported as non-operating revenues.

The Condensed Schedule of Revenues, Expenses, and Change in Net Position reflects operating and non-operating revenue, for the years ended March 31, 2017, 2016, and 2015. The operating loss was $38,783 in 2017 compared to $100,653 in 2016 and $89,660 in 2015.

The Museum considers operating revenues to be those revenues that are connected directly to the Museum's primary functions. Such revenues include promoting education excellence, admission fees, various types of memberships, museum store revenue, special event fundraising revenues, and in-kind contributions. During the years ended March 31, 2017 and 2016, operating revenues included recognition of $535,181 and $715,101, respectively, of in-kind contributions. Operating revenue decreased by $187,703 or 23% during the year ended March 31, 2017 and decreased by $34,545 or 4% during the year ended March 31, 2016. Major components of the 2017 decrease are attributable to decreases in in-kind revenues offset by an increase in admissions and program revenue.

Operating expenses were $652,060 during the year ended March 31, 2017, a decrease of $249,573 or 28% compared to the year ended March 31, 2016, primarily attributable to position vacancies and a reduction in other services and expenses. Operating expenses decreased by $23,552 or 3% during the year ended March 31, 2016. The primary components of the Museum's operating expenses are: fundraising - marketing and advertising and exhibition opening expenses; curatorial expenses - freight and exhibition rental fees; program expenses - education outreach, classes and workshops; and special events - contractual services, entertainment, and catering.

Non-operating revenues include grant revenue, contributions, and interest income. Non-operating revenues for the year ended March 31, 2017 reflect a decrease of $81,551 or 58% compared to the year ended March 31, 2016. This consists primarily of a decrease in contributions offset by an increase in grant revenue and interest income. The Museum's non-operating revenue increased $65,282 or 87% during the year ended March 31, 2016, primarily related to an increase in contributions.

### *Factors Affecting Future Periods*

Factors that can significantly impact future periods always include the state of financial markets and the state of the overall economy. These factors can impact charitable giving. The Board of Directors continues to monitor the status of the economy and its direct impact on overall giving.

### *Using the Information in the Financial Report*

The Museum's financial statements are immediately following this discussion and analysis.

This annual report consists of a series of financial statements prepared in accordance with pronouncements issued by the Governmental Accounting Standard Board. These statements focus the reader of the financial reports on the Museum's overall financial condition, and change in net position and cash flows, taken as a whole.

One of the most important questions asked about the Museum's finances is whether the Museum is better or worse off as a result of the year's activities. The keys to understanding this question are the Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The Museum's net position (the difference between assets and liabilities) is one indicator of the Museum's financial health when considered in combination with other nonfinancial information.

The Statement of Net Position reports assets, liabilities, and net position as of March 31, 2017 and 2016. The balances are a reflection of activities that have occurred during the respective fiscal years and come from transactions between assets and liabilities or from transactions in the Statement of Revenues, Expenses, and Change in Net Position. The balances are presented as either current (expected to be realized within 12 months) or noncurrent in nature.

The Statement of Revenues, Expenses, and Change in Net Position presents the results of operations for the years ended March 31, 2017 and 2016. Activities are reported as operating or non-operating. Both the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position are prepared using the accrual basis of accounting.

The remaining required statement is the Statement of Cash Flows showing the sources and use of funds; in essence, accounting for the change in cash and cash equivalents balances for the reporting period.

The notes to the financial statements provide additional information and more detail that is essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Basic Financial Statements

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 231,974 | $ 186,320 |
| Museum store inventory | 3,182 | 7,888 |
| Accounts receivable | 4,260 | 1,811 |
| Pledges receivable | 26,000 | 21,000 |
| Total current assets | 265,416 | 217,019 |
| Noncurrent assets | | |
| Investment in certificate of deposit | 259,145 | 254,710 |
| Other assets | 17,500 | 17,500 |
| Pledges receivable, net of current portion | 740 | 27,095 |
| Total noncurrent assets | 277,385 | 299,305 |
| **Total assets** | $ 542,801 | $ 516,324 |
| **Liabilities and net position** | | |
| Current liabilities | | |
| Accounts payable | $ - | $ 2,259 |
| Other current liabilities | 22 | 41 |
| Deferred revenue | 19,182 | 10,560 |
| Total current liabilities | 19,204 | 12,860 |
| Net position | | |
| Restricted | | |
| Restricted by donors - expendable | 82,302 | 109,446 |
| Unrestricted | 441,295 | 394,018 |
| Total net position | 523,597 | 503,464 |
| **Total liabilities and net position** | $ 542,801 | $ 516,324 |

See accompanying notes to financial statements.

| | Year Ended March 31, 2017 | 2016 |
|---|---|---|
| Operating revenues | | |
| Admission fees | $ 17,070 | $ 13,808 |
| Membership | 26,575 | 29,768 |
| Special event revenue | 24,739 | 25,524 |
| Program revenue | 2,528 | 4,763 |
| Museum store sales, net of cost of goods sold of $5,373 and $13,459 for the years ended March 31, 2017 and 2016, respectively | 5,993 | 11,597 |
| Other operating revenue | 1,190 | 419 |
| In-kind operating contributions | 535,181 | 715,101 |
| Total operating revenues | 613,276 | 800,980 |
| Operating expenses | | |
| Personnel | 505,577 | 592,599 |
| Facilities and utilities | 49,263 | 50,225 |
| Contractual services | 21,301 | 21,861 |
| Other services and expenses | 51,507 | 205,725 |
| Materials and supplies | 24,411 | 31,223 |
| Total operating expenses | 652,059 | 901,633 |
| Operating loss | (38,783) | (100,653) |
| Nonoperating revenues | | |
| Grant revenue | 12,000 | - |
| Contributions | 38,425 | 136,381 |
| Interest income | 8,491 | 4,086 |
| Total nonoperating revenues | 58,916 | 140,467 |
| **Change in net position** | 20,133 | 39,814 |
| **Net position at beginning of year** | 503,464 | 463,650 |
| **Net position at end of year** | $ 523,597 | $ 503,464 |

| | Year Ended March 31, 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash received from members and patrons | $ 87,113 | $ 60,826 |
| Cash received from program funding sources | 2,528 | 4,763 |
| Cash paid to suppliers of goods and services | (73,291) | (114,825) |
| Cash paid to St. Petersburg College for personnel | (46,532) | (85,262) |
| Net cash used by operating activities | (30,182) | (134,498) |
| **Cash flows from noncapital financing activities** | | |
| Cash received from grants | 12,000 | - |
| Cash received from contributions | 59,780 | 92,417 |
| Net cash provided by noncapital financing activities | 71,780 | 92,417 |
| **Cash flows from investing activities** | | |
| Cash received from investment earnings | 8,491 | 4,086 |
| Investment in certificate of deposit | (4,435) | (4,003) |
| Net cash provided by investing activities | 4,056 | 83 |
| **Net change in cash and cash equivalents** | 45,654 | (41,998) |
| **Cash and cash equivalents at beginning of year** | 186,320 | 228,318 |
| **Cash and cash equivalents at end of year** | $ 231,974 | $ 186,320 |

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of operating loss to net cash used by operating activities** | | |
| Operating loss | $ (38,783) | $ (100,653) |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Changes in operating assets and liabilities | | |
| Museum store inventory | 4,706 | 1,869 |
| Accounts receivable | (2,449) | (906) |
| Accounts payable | (2,259) | (1,881) |
| Other current liabilities | (19) | (84) |
| Deferred revenue | 8,622 | (32,843) |
| Net cash used by operating activities | $ (30,182) | $ (134,498) |

## Note A - Organization

The Leepa-Rattner Museum of Art, Inc. (Museum) is a Florida nonprofit corporation. The Museum was incorporated July 16, 2001 and is governed by a board of directors. The Museum was formed to benefit St. Petersburg College (College) for purposes including promoting educational excellence by collecting, preserving, and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists. The Museum also provides a facility for teaching, exhibiting, and promoting all aspects of the art spectra for the benefit of the College and the general public. The Museum commits to excellence in visual arts education, fosters aesthetic, critical, and ethical thinking as a bridge to the future, and nurtures interest in 20th and 21st century art history. The mission of the Leepa-Rattner Museum of Art, Inc. is to collect, conserve, exhibit, and protect the works of art entrusted to its care and stewardship. Through its exhibitions, programs, and expanding collection of 20th and 21st century art, the museum strives to engage and inspire a diverse community by providing opportunities for education, enlightenment, interpretation, and research to students, scholars, and visitors.

The operating expenses include all fiscal transactions related to collecting, preserving, and displaying works of art, instruction, administration, academic support, student services, and physical facility operations.

The Museum is a direct support organization of the College and its financial statements are presented in the College's financial statements as a component unit.

## Note B - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying statements are presented below:

*Basis of Accounting*

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule, the effects of inter-fund activities have been eliminated from the Museum's financial statements.

The Museum reports as an entity engaged in one business-type activity.

*Classification of Current and Noncurrent Assets and Liabilities*

The Museum considers assets to be current if, as part of its normal business operations, they are held as or can be converted to cash and be available for operating needs or payments of current liabilities within 12 months of the Statement of Net Position date. Similarly, liabilities are considered to be current if they can be expected, as part of the normal Museum business operations, to be due and paid within 12 months of the Statement of Net Position date. All other assets and liabilities are considered to be noncurrent.

*Cash and Cash Equivalents*

The Museum's cash and cash equivalents consist of cash on hand, cash in demand deposit accounts, and money market accounts. For reporting cash flows, the Museum considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

*Inventory*

The Museum Store inventory is stated at cost. The majority of the inventory is made up of various mission-related and gift items purchased from outside third parties.

*Receivables*

Management considers all receivables to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at March 31, 2017 and 2016.

*Investment in Certificate of Deposit*

The investment in certificate of deposit consists of a certificate of deposit with a commercial bank with original maturity of more than 12 months.

*Collections*

Works of art, historical treasures, or similar assets that are: (a) held for public exhibition, education, or research in furtherance of public service rather than financial gain; (b) protected, kept unencumbered, cared for, and preserved; and (c) subject to organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections, are not capitalized.

*Capital Assets and Other Assets*

Tangible property of $5,000 or more to be used for operating purposes of the Museum is considered a capital asset. The Museum does not currently own any capital assets that are depreciable. The College provides facilities, equipment, and various supplies and materials as disclosed in Notes F and G. The Museum's grand piano which was donated has been recognized at its estimated fair value based upon appraisals or similar valuations and is not depreciated. Included in noncurrent assets as of March 31, 2017 and 2016 is the grand piano listed as other assets of $17,500.

*Net Position*

The Museum's net position is classified into the following categories:

Restricted by donors-expendable: Assets subject to externally imposed conditions that can be fulfilled by the actions of the Museum or by the passage of time.

Unrestricted: All other categories.

*Classification of Revenues and Expenses*

The Museum considers operating revenues and expenses in the Statement of Revenues, Expenses, and Change in Net Position to be those revenues and expenses that result from activities that are connected directly to the Museum's primary functions. Such transactions include promoting educational excellence, admission fees, memberships, museum store sales, special event fundraising revenues, and in-kind contributions. Certain other transactions are reported as non-operating revenues. These non-operating revenues include grant funding, contributions, and interest income.

*Contributions and Pledges*

Contributions that are restricted by the donor are reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net position restricted by donor - expendable. When the restriction expires, net position restricted by donor - expendable is reclassified to unrestricted net position.

Unconditional promises to give the Museum cash or other assets in the future are recorded as contribution revenue (net position restricted by donor) and pledges receivable. If management expects the cash from the pledges receivable to be received more than one year in the future, the promises to give revenue and the receivable are discounted for the time value of money.

*Donated Items*

The value of donated materials, services, small equipment, and inventory has been recorded in the financial statements as contributions based upon the fair market value of the goods received at the time of the donation. The value of collection items donated to the Museum is not recorded in the financial statements.

Employees of the College operate the Museum. During the year ended March 31, 2017 the Museum reimbursed the College for the additional hours required of the staff accountant and the collections manager position. During the year ended March 31, 2016 the Museum reimbursed the College for the salary of the part-time Museum Store manager position and the additional hours required of the staff accountant and the collections manager position. The College also provides use of facilities for the Museum, as well as other miscellaneous supplies and services. These items are all recognized as in-kind operating contributions and operating expenses.

*Income Taxes*

The Museum is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Museum is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Museum is granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Subsequent Events Evaluation*

For the year ended March 31, 2017, management evaluated subsequent events for potential recognition and disclosure through July 14, 2017, which is the date the financial statements were available to be issued. Management determined there were no subsequent events that require recognition or disclosure.

## Note C – Investment in Certificate of Deposit

At March 31, 2017 and 2016, the Museum has one certificate of deposit totaling $259,145 and $254,710, respectively. The certificate is insured, up to $250,000, by the Federal Deposit Insurance Corporation (FDIC). The certificate carries an original maturity of 60 months with an annual percentage rate of 1.73%. The certificate is not rated by S&P or Moody's.

The following risks apply to the Museum's certificate of deposit:

Interest rate risk: The risk that changes in interest rates will adversely affect the fair value of the investment.

Credit risk: The risk that an insurer or other counterparty to the investment will not fulfill its obligations.

Concentration of credit risk: The risk of loss associated with lack of diversification. From time to time, the Museum may have cash balances in excess of FDIC insured limits. Management believes the risk of loss is remote.

## Note D - Pledges Receivable

Pledges receivable consists of promises from an organization or individuals within the Tampa Bay area. As of March 31, 2017, management believes the entire balance is collectable. Expected receipts are as follows at March 31, 2017:

| | |
|---|---|
| Due in less than one year | $ 26,000 |
| Due in one to five years | 2,000 |
| Gross pledge receivable | 28,000 |
| Less discount to present value | (1,260) |
| Net pledge receivable | $ 26,740 |

## Note E - Collections

Management has elected not to capitalize the Museum's collections. Management believes that this policy is preferable to capitalizing the collection. The presentation of the collection as not capitalized is the most widely practiced method of presentation for organizations similar to the Museum. The value of the Museum's collections has been excluded from the Statement of Net Position and artwork gifts are excluded from revenue in the Statements of Revenues, Expenses, and Change in Net Position.

The collections are held in the public trust for exhibition and educational purposes, not for financial gain. Each of the items is catalogued, preserved, and cared for in order to maintain the cultural, aesthetic, and historic value of the collections. Activities verifying the existence and assessing the condition of the collections are periodically performed.

During the years ended March 31, 2017 and 2016, the Museum received contributed works of art with an estimated value of $77,500 and $43,575, respectively. There were no deaccessions during the years ended March 31, 2017 and 2016. These amounts are not recorded on the Statements of Revenues, Expenses, and Change in Net Position.

The collections, which have been acquired through contributions and purchases since the Museum's inception are not recognized as assets on the Statements of Net Position. Purchases of collection items are recorded as decreases in net position unrestricted or as net position restricted by donors-expendable in the year the items are acquired if the assets used to purchase the items are restricted by donors.

The St. Petersburg College Foundation, Inc. (Foundation) owns the Leepa-Rattner-Gentle art collection and has permanently loaned the collection to the College. The College has in turn permanently loaned the collection to the Museum. The Foundation pays the insurance on the Leepa-Rattner-Gentle art collection. See Note F and the Unaudited Schedule of Collections.

## Note F - Related-Party Transactions

The Museum is related to the College by virtue of its primary purpose, which is to engage in activities to foster and promote all aspects of the art spectra for the benefit of the College, its students, and the general public.

The College provides the space for the Museum to operate without charge. Management estimates fair market value of the annual rent, including utilities, to be approximately $49,000 and $50,000 for the years ended March 31, 2017 and 2016, respectively. The College also provided the employees to operate the Museum at an estimated cost of approximately $459,000 and $507,000 for the years ended March 31, 2017 and 2016, respectively. For the year ended March 31, 2017, there was no store manager salary reimbursement to the College due to position vacancy. For the year ended March 31, 2016, the Museum reimbursed the College approximately $19,000 for the museum store manager's salary. In 2010, the Museum took responsibility for additional hours required of the staff accountant and the collections manager. In 2015, these two positions were increased to full-time and the Museum reimbursed the College approximately $46,500 and $66,000 in 2017 and 2016, respectively. The College provided other miscellaneous services and supplies in estimated amounts of $23,000 and $30,000 for the years ended March 31, 2017 and 2016, respectively.

The Museum is also related to the Foundation as it is also a direct support organization of the College. Within the Foundation is an endowed fund held for the benefit of the Museum valued at $2.6 million and $2.3 million at March 31, 2017 and 2016, respectively.

The Foundation has permanently loaned The Leepa-Rattner-Gentle art collection to the College for $1. The College provided the insurance for the collection until 2010. Starting in 2010, the Foundation was responsible for the insurance on the art collection at a cost of approximately $15,000 for each of the years ended March 31, 2017 and 2016. The College has, in turn, loaned the collection to the Museum.

For each of the years ended March 31, 2017 and 2016, the Museum reimbursed the College approximately $15,600 and $11,600 for the cost of the insurance on the accessioned collection items, traveling exhibitions, and liability insurance.

## Note G - In-Kind Contributions and Donated Items

In-kind contributions are included in contributions in the Statements of Revenues, Expenses, and Change in Net Position. The majority of in-kind contributions are from the College. The remainder of in-kind contributions are from individuals or corporations. Management estimates that the fair value of items donated to the Museum are as follows for the years ended March 31:

| | 2017 | 2016 |
|---|---|---|
| In-kind operating contributions from the College | | |
| Materials and supplies | $ 23,624 | $ 30,340 |
| Personnel | 459,045 | 507,337 |
| Facilities | 49,262 | 50,225 |
| | 531,931 | 587,902 |
| In-kind operating contributions from others | 3,250 | 127,199 |
| Total in-kind operating contributions | $ 535,181 | $ 715,101 |

## Note H - Oversight by St. Petersburg College

As a direct support organization, the Museum is subject to the policies and procedures of the College. All contributions to the Museum ultimately benefit the College. Accordingly, the Museum, for reporting purposes, is considered a governmental not-for-profit organization subject to reporting under the GASB and is reported as a component unit of the College.

## Note I - Net Position Restricted by Donors - Expendable

Net position restricted by donors - expendable was available for the following purposes at March 31:

| | 2017 | 2016 |
|---|---|---|
| Art Haven project | $ 4,866 | $ 8,766 |
| Art Encounter | - | 488 |
| Adopt a masterpiece program | 46,248 | 46,248 |
| Pledge receivable | 26,740 | 48,095 |
| Educational program | 4,448 | 5,849 |
| | $ 82,302 | $ 109,446 |

Changes in net position restricted by donors - expendable are as follows for the years ended March 31:

| | 2017 | 2016 |
|---|---|---|
| Net position restricted - expendable at beginning of year | $ 109,446 | $ 59,811 |
| Release of restrictions: | | |
| Restrictions satisfied/imposed by payments | (27,144) | 49,635 |
| Net position restricted - expendable at end of year | $ 82,302 | $ 109,446 |

## Note J - Functional Distribution of Expenses

The operating expenses on the Statements of Revenues, Expenses, and Change in Net Position are presented in the natural classifications. Below are those same expenses presented in functional classifications. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. The operating expenses of the Museum are allocated to the following functional departments:

Administration - includes the costs of operating the Museum offices, including gathering, processing, and maintaining financial and legal information.

Fundraising - includes the costs associated with the direct solicitation of contributions to the Museum.

Program - includes the costs associated with the operation of the Museum, including exhibitions, preservation of collections, education, etc.

The functional classification of expenses is summarized as follows for the year ended March 31:

| | 2017 | 2016 |
|---|---|---|
| Fundraising | | |
| Advertising | $ - | $ 1,080 |
| Personnel services | 4,590 | 5,073 |
| Special events | 5,633 | 5,781 |
| Other | 1,323 | 13,305 |
| Total fundraising | 11,546 | 25,239 |
| Program services | | |
| Exhibitions | 7,443 | 16,702 |
| Education | 9,565 | 18,366 |
| Facilities and utilities | 46,307 | 47,212 |
| Personnel services | 362,646 | 400,797 |
| Supplies and equipment | 22,319 | 28,611 |
| Other | 18,812 | 143,944 |
| Total program services | 467,092 | 655,632 |
| Administrative | | |
| Insurance | 15,618 | 11,605 |
| Personnel services | 91,809 | 101,467 |
| Other | 65,994 | 107,690 |
| Total administrative | 173,421 | 220,762 |
| | $ 652,059 | $ 901,633 |

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Museum's policy is to apply restricted resources first.

# Other Unaudited Information

## Core Collection (Leepa-Rattner-Gentle Collection)

The core collection of the Leepa-Rattner Museum of Art, Inc. (Museum) consists of 1,399 objects: paintings, sculptures, works on paper (drawings, watercolors, prints), tapestries and stained glass maquettes, and up to 3,000 inventoried objects (mostly works on paper). This collection is not owned by the Museum, but managed by the Museum through an agreement between the St. Petersburg College, the St. Petersburg College Foundation, Inc. (Foundation), and the Museum.

## Secondary Core Collection (Gulf Coast Museum of Art Collection)

The secondary collection of the Museum consists of 275 objects that have been donated to the Museum by the Foundation. Based on the nature of this collection, the Museum has redefined its mission and direction. More than two-thirds of the collection reflects Florida art and southeastern United States fine art crafts amassed between 1995 and 2008.

## Donated Art (1,484 Objects) – Listed by Donation Size

1. St. Petersburg College Foundation, Inc. (245 accessioned objects): Prints created mostly from the 1980s through the 1990s at print workshops in the United States and Canada by a variety of known and lesser known artists gifted to the Museum by the Foundation through a brokered deal with the Eckerd College Foundation.
2. Richard Florsheim Art Fund (182 accessioned objects): Paintings and prints by Chicago artist Richard Florsheim (1916-1979) reflecting a 40-year retrospective of the artist's career.
3. Vladimir Yoffe / Pasco Art Center (46 accessioned objects): Sculptures and ephemera by New York sculptor Vladimir Yoffe (1911-1997) transferred to the Museum from the non-collecting Pasco Art Center.
4. Lothar and Mildred Uhl Collection (436 accessioned objects, including 48 objects in the education collection): Currently reflecting a variety of media, as well as a recent gift of 88 prints by Winslow Homer and 225 prints by Leonard Baskin.
5. Caroline Adams Byrd-Denjoy Collection (131 accessioned objects, including 13 objects in the education collection): A collection of modern and contemporary prints produced in France in a variety of printing techniques.
6. Patricia A. and Thomas J. Lehnen Family Art Collection (43 accessioned objects, including 16 in the education collection): An eclectic collection of fine art, contemporary craft and ethnographic art, including works by Dale Chihuly.
7. Dorothy Mitchell Collection (34 accessioned objects): Large-format screen-prints created in the 1990s at Berghoff-Cowden Editions in Tampa by seven nationally known artists.
8. Zipkin Family Collection (17 accessioned objects): While not a large collection, the pieces given have greatly enhanced the existing Leepa-Rattner-Gentle collection with the expectation of more objects being gifted.
9. Barbara Witlin Collection (11 accessioned objects): Donation by the widow of Roy Witlin (1923-1997), large reverse-paintings on Plexiglas works.
10. Edna Andrews and Dr. Dietrich Schroeer Collection (12 accessioned objects): An alumnus of St. Petersburg College and an art collector, Edna Andrews Schroeer and her husband have given European prints.
11. Rita Hayes Scott Collection (13 accessioned objects): Rita Hayes Scott and Robert Russek Scott collection include notable modern and contemporary works falling in several of the museum's collecting areas, including a Kenneth Noland painting, Pablo Picasso ceramic and a Sonia Delaunay tapestry.
12. Other Donations (314 accessioned objects, including 18 in the education collection by 80 individual donors): These works reflect a variety of artists, periods and media in the 20th and 21st century art.

Note: At this time only a fraction of the ephemera have been processed. These were originally accessioned as a "lot" but it was determined for tracking purposes these would be individually processed and accessioned.

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

**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
The Leepa-Rattner Museum of Art, Inc.
Tarpon Springs, Florida

We have audited, 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, the financial statements of the business-type activities of The Leepa-Rattner Museum of Art, Inc. as of and for the year ended March 31, 2017 and the related notes to the financial statements, which collectively comprise The Leepa-Rattner Museum of Art, Inc.'s basic financial statements and have issued our report thereon dated July 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Leepa-Rattner Museum of Art, Inc.'s internal control over financial reporting (internal control) to determine 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 Leepa-Rattner Museum of Art Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Leepa-Rattner Museum of Art, Inc.'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 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 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Leepa-Rattner Museum of Art, Inc.'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 statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
July 14, 2017

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

St. Petersburg College Collegiate High School

A Charter School and Restricted Fund
of St. Petersburg College

Comprehensive Annual Financial Report
June 30, 2017 and 2016

Gregory, Sharer & Stuart
*Certified Public Accountants and Business Consultants*

## Table of Contents

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

# Independent Auditor's Report

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School
St. Petersburg, Florida

## Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of St. Petersburg College Collegiate High School (Collegiate High School), a Charter School and a Restricted Fund of St. Petersburg College, St. Petersburg, Florida, as of and for the years ended June 30, 2017, and 2016, and the related notes to the special-purpose financial statements, which collectively comprise the School's basic special-purpose financial statements as listed in the table of contents.

## Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Collegiate High School as of June 30, 2017, and 2016 and the respective changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 10 be presented to supplement the basic special-purpose financial statements. Such information, although not a part of the basic special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audits of the basic special-purpose 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 September 19, 2017, on our consideration of St. Petersburg College Collegiate High School'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 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 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 St. Petersburg College Collegiate High School's internal control over financial reporting and compliance.

Gregory, Sharer & Stuart, P.A.

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
September 19, 2017

Management's discussion and analysis of St. Petersburg College Collegiate High School's (Collegiate High School) financial statements provides an overview of the Collegiate High School's financial activities for the years ended June 30, 2017, 2016, and 2015. Management has prepared the accompanying financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with school management. The discussion and analysis contain financial activities of the Collegiate High School as a restricted fund of St. Petersburg College (the College).

## Financial Highlights

For the year ended June 30, 2017, Collegiate High School revenues exceeded expenses, resulting in a net position balance of $1,087,830. This represents an increase in net position of $69,643 over the year ended June 30, 2016. During the 2016-2017 school year, the Collegiate High School conducted operations with revenues of $1,852,381. This figure represents a decrease in revenues of $29,128 over the year ended June 30, 2016. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2016-2017, and a State of Florida school recognition award for fiscal year 2016-2017. In accordance with Florida Statute 1007.271 Dual Enrollment Programs, St. Petersburg College (College) invoiced the Collegiate High School for the value of semester hours taken by Collegiate High School students, for the fall and spring terms. As no additional State appropriations were provided to the Collegiate High School, St. Petersburg College contributed funds in the amount of $425,834 to help offset various operating expenses.

For the year ended June 30, 2016, Collegiate High School revenues exceeded expenses, resulting in a net position balance of $1,018,187. This represents an increase in net position of $57,867 over the year ended June 30, 2015. During the 2015-2016 school year, the Collegiate High School conducted operations with revenues of $1,881,509. This figure represents a decrease in revenues of $9,690 over the year ended June 30, 2015. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2015-2016, a State of Florida school recognition award for fiscal year 2015-2016, and a contribution from the College.

## Using This Annual Report

This report consists of three basic financial statements: the statements of net position; the statements of revenues, expenses, and change in net position; and the statements of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These statements provide information on the Collegiate High School as a whole and, over time, will present a long-term view of the Collegiate High School's finances and fiscal health.

The Collegiate High School, located on the St. Petersburg-Gibbs campus, is a public charter school of the Pinellas County School District open to Pinellas County public, private, and home-schooled students who are in grades 10 through 12. Students entering grades 10 or 11 are accepted into the program. The purpose of the Collegiate High School is to provide academic educational opportunities for students who are emotionally and academically prepared to participate in college-level studies. The three-year curriculum allows serious students to simultaneously complete the requirements for a high school diploma and an Associate in Arts degree from the College. The educational programs are distinctive in that they meld secondary and post-secondary curricula. The programs employ various instructional techniques to accommodate different learning styles, use of technology across the curriculum and utilization of extensive group and individual counseling and mentoring. The high school has received an "A" rating every year since it opened in 2004.

The Collegiate High School is organized by a nonprofit organization, the College. The College is governed by a local board of trustees appointed by the governor of the State of Florida. The Southern Association of Colleges and Schools accredits the College. The Board of Trustees of the College employs a president to act on its behalf in implementing its policies and to serve as the chief administrative officer of the College. The Board of Trustees also serves as the "Governing Board" of the Collegiate High School.

The contract between the Board of Trustees of the College on behalf of the Collegiate High School and the School Board of Pinellas County was amended in 2013. The Collegiate High School charter became effective July 1, 2004, renewed in 2009, amended in 2013 and shall end on June 30, 2024. The charter stipulates that the Collegiate High School shall serve students in grades 10 through 12, with a maximum funded school enrollment of 230 students.

The Collegiate High School is recognized as a separate and discrete department in the accounting system of the College. Currently, the State of Florida Auditor General's Office audits the College's financials and operations. The College currently adheres to internal control procedures contained in the Board of Trustee Rules and the Accounting Manual for Florida's College System. The College has also established additional internal control procedures in accordance with standards contained in the Florida Schools Red Book and other stipulated guidelines for charter schools.

**Statements of Net Position and Statements of Revenues, Expenses, and Change in Net Position**

One of the most important questions asked about the institution's finances is "Is St. Petersburg College Collegiate High School, as a whole, better or worse off as a result of the year's activities?" The statements of net position and the statements of revenues, expenses, and change in net position report information on the institution as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Collegiate High School's operating results.

These two statements report the Collegiate High School's net position and change in them. One may think of the Collegiate High School's net position, the difference between assets and liabilities, as one way to measure the institution's financial health or financial position. Over time, increases or decreases in the institution's net position are one indicator of whether its financial health is improving or deteriorating.

The statements of net position and the statements of revenues, expenses, and change in net position include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. Condensed statements of assets, liabilities, and net position for the Collegiate High School at June 30, 2017, 2016, and 2015 are shown in the following table:

| | | June 30, | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Assets | | | |
| Current assets | $ 1,214,481 | $ 1,142,540 | $ 1,072,462 |
| Total Assets | $ 1,214,481 | $ 1,142,540 | $ 1,072,462 |
| Liabilities | | | |
| Current liabilities | $ 15,384 | $ 14,872 | $ 13,057 |
| Noncurrent liabilities | 111,267 | 109,481 | 99,085 |
| Total Liabilities | 126,651 | 124,353 | 112,142 |
| Net Position | | | |
| Unrestricted | 1,087,830 | 1,018,187 | 960,320 |
| Total Net Position | 1,087,830 | 1,018,187 | 960,320 |
| Total Liabilities and Net Position | $ 1,214,481 | $ 1,142,540 | $ 1,072,462 |

The condensed statements of net position show the assets, liabilities, and net position for the years ended June 30, 2017, 2016, and 2015. Assets consist primarily of cash and cash equivalents. Current assets increased by $71,941 or 6.3% during 2017, and increased by $70,078 or 6.5% during 2016. Liabilities increased by $2,298 or 1.8% during 2017, and increased by $12,211 or 10.9% during 2016.

The statements of revenues, expenses, and change in net position present the Collegiate High School's results of operations. In accordance with GASB reporting principles, revenues, and expenses are classified as either operating or nonoperating. All Collegiate High School revenues are considered nonoperating revenues under GASB. Condensed statements of revenues, expenses, and change in net position of the Collegiate High School for the years ended June 30, 2017, 2016, and 2015 are presented in the following table:

| | Year Ended June 30, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Operating Revenues | $ | $ - | $ - |
| Less, operating expenses | (1,782,738) | (1,823,642) | (1,801,509) |
| Net Operating Loss | (1,782,738) | (1,823,642) | (1,801,509) |
| Nonoperating Revenues | | | |
| State appropriations from county school district | 1,335,326 | 1,358,967 | 1,326,457 |
| Capital outlay funds | 63,697 | 50,027 | 104,354 |
| Award funds | 23,476 | 22,895 | 22,262 |
| Contributions | 425,834 | 450,667 | 436,559 |
| Other nonoperating revenues, net | 4,048 | (1,047) | 1,567 |
| Total Nonoperating Revenues | 1,852,381 | 1,881,509 | 1,891,199 |
| Change in Net Position | 69,643 | 57,867 | 89,690 |
| Net Position at Beginning of Year | 1,018,187 | 960,320 | 870,630 |
| Net Position at End of Year | $1,087,830 | $1,018,187 | $ 960,320 |

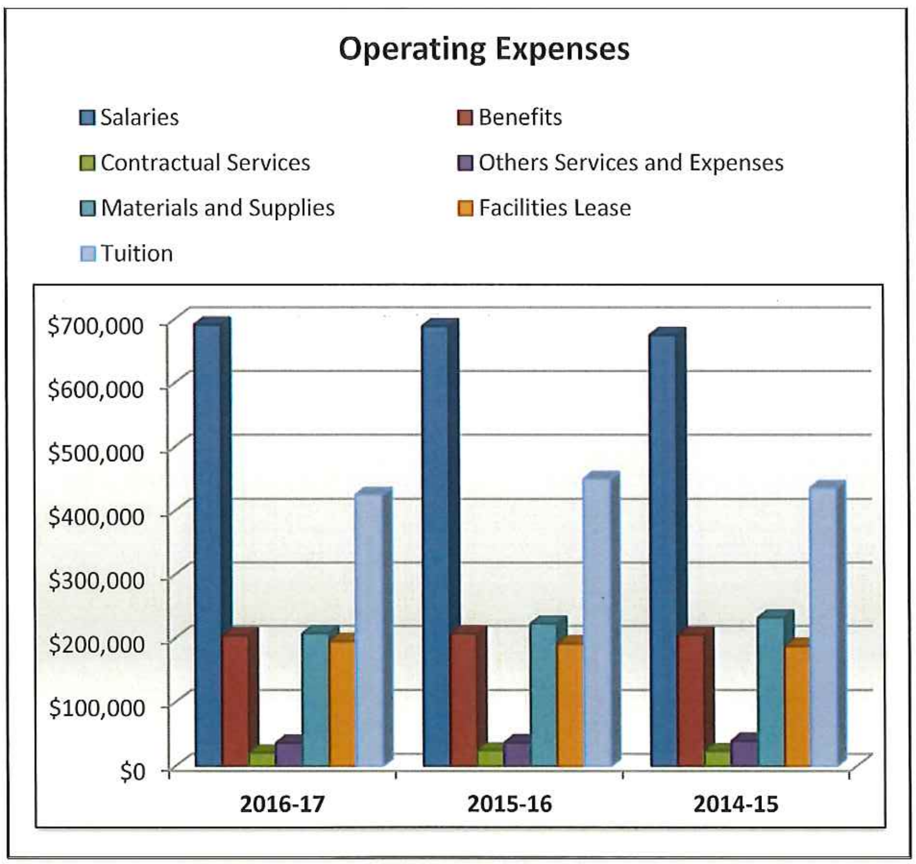
For the year ended June 30, 2017, Collegiate High School revenues exceeded expenses, resulting in a net position balance of $1,087,830. This represents an increase in net position of $69,643 over the year ended June 30, 2016, compared to an increase in net position of $57,867 over 2015. During the 2016-2017 school year, the Collegiate High School conducted operations with non-operating revenues of $1,852,381. This figure represents a decrease in non-operating revenues of $29,128 over the year ended June 30, 2016, as compared to a decrease of $9,690 over 2015. The non-operating revenues include FEFP, Charter School Capital Outlay Funds, State of Florida school recognition awards, and a contribution from the College to offset various operating expenses.

## Operating Expenses

Operating expenses for the Collegiate High School for the years ended June 30, 2017, 2016, and 2015 are presented in the following table:

| | Year Ended June 30, 2017 | 2016 | 2015 |
|---|---|---|---|
| Salaries | $ 692,023 | $ 689,621 | $ 675,849 |
| Benefits | 204,124 | 207,086 | 205,052 |
| Contractual services | 21,213 | 24,824 | 23,851 |
| Other services and expenses | 36,355 | 36,983 | 39,683 |
| Materials and supplies | 207,549 | 222,657 | 232,472 |
| Facilities lease | 195,640 | 191,804 | 188,043 |
| Tuition | 425,834 | 450,667 | 436,559 |
| Total Operating Expenses | $ 1,782,738 | $ 1,823,642 | $ 1,801,509 |

Operating expenses of the Collegiate High School for the years ended June 30, 2017, 2016 and 2015 are presented in the following chart:



### Statements of Cash Flows

The statements of cash flows provide another way to assess the financial health of an institution. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statements of cash flows also help users assess:

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

A summary of the Collegiate High School's statements of cash flows for the years ended June 30, 2017, 2016 and 2015 is shown in the following table:

| | Year Ended June 30, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Cash (Used) Provided By | | | |
| Operating activities | $(1,780,440) | $(1,811,431) | $(1,782,517) |
| Noncapital financing activities | 1,793,283 | 1,838,494 | 1,786,845 |
| Capital and related financing activities | 58,620 | 45,428 | 104,354 |
| Net Increase in Cash and Cash Equivalents | 71,463 | 72,491 | 108,682 |
| Cash and Cash Equivalents at Beginning of Year | 1,137,941 | 1,065,450 | 956,768 |
| Cash and Cash Equivalents at End of Year | $ 1,209,404 | $ 1,137,941 | $ 1,065,450 |

Cash used by operating activities was $1,780,440 for the year ended June 30, 2017 compared to $1,811,431 and $1,782,517 for the years ended June 30, 2016 and June 30, 2015, respectively. Uses of cash during 2017, 2016, and 2015 included payments to suppliers of $207,780, $222,409 and $227,421; payments to employees of $691,478, $689,210, and $675,537; benefit payments of $202,140, $195,534, and $191,423; payments for other services of $57,568, $61,807, and $63,534; payments for facilities lease of $195,640, $191,804, and $188,043; and payments for tuition of $425,834, $450,667,and $436,559, respectively. Payroll, benefits, payments to suppliers, facilities lease, and tuition are the major outflows of operating activities.

Cash provided by noncapital financing activities was $1,793,283 for the year ended June 30, 2017 compared to $1,838,494 and $1,786,845 for the years ended June 30, 2016 and June 30, 2015, respectively. These amounts primarily represent state appropriations passed through the Pinellas County School District, awards, and contributions from the College to offset various operating expenses.

Cash provided by capital and related financing activities including capital outlay funding was $58,620 for the year ended June 30, 2017, which was an increase of $13,192 from 2016 compared to a decrease of $58,926 from 2015.

### Economic Factors That Will Affect the Future

The economic position of the Collegiate High School continues to be closely tied to that of the state of Florida. It is expected that the Collegiate High School will continue to maintain its present level of services and financial health.

For the 2016-2017 school year, the High Performing Charter School status was maintained, which kept the Pinellas County Schools administrative fee reduced from 5% to 2%.

Additionally, the Collegiate High School received the honor of being selected as one of *Newsweek*'s best high schools in America. http://patch.com/florida/stpete/newsweek-names-st-pete-school-among-country-s-best

For the school year 2017-2018, the initial fulltime equivalent (FTE) calculation indicates a slight increase in per-student annual charter revenue. The anticipated expenditures for the 2017-2018 school year may increase by an amount greater than the projected revenue, however, any shortfall will be covered by the Collegiate High School's unrestricted net position. The renewed Collegiate High School charter became effective on July 1, 2009 for a period of fifteen (15) years, which is the longest term pursuant to Florida law. The present contract, as amended in 2013, provides funding for up to 230 students and will continue through June 30, 2024. Occasionally the enrollment exceeds 230 students, allowing for a certain expected amount of student withdrawals. St. Petersburg College Collegiate High School received funding for 225 students for the 2016-2017 school year and expects to receive funding for 230 students for the 2017-2018 school year.

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 1,209,404 | $ 1,137,941 |
| Accounts receivable | 5,077 | 4,599 |
| Total assets | $ 1,214,481 | $ 1,142,540 |
| **Liabilities and net position** | | |
| Current liabilities | | |
| Accounts payable | $ 17 | $ 248 |
| Salary and payroll taxes payable | 3,004 | 2,459 |
| Current portion, compensated absences payable | 12,363 | 12,165 |
| Total current liabilities | 15,384 | 14,872 |
| Noncurrent liabilities | | |
| Compensated absences payable, net of current portion | 111,267 | 109,481 |
| Total liabilities | 126,651 | 124,353 |
| Net position | | |
| Unrestricted | 1,087,830 | 1,018,187 |
| **Total liabilities and net position** | $ 1,214,481 | $ 1,142,540 |

The accompanying notes to the special-purpose financial statements are an integral part of this statement.

| | Year Ended June 30, 2017 | Year Ended June 30, 2016 |
|---|---|---|
| Operating revenues | $ - | $ - |
| Operating expenses | | |
| Salaries | 692,023 | 689,621 |
| Benefits | 204,124 | 207,086 |
| Contractual services | 21,213 | 24,824 |
| Other services and expenses | 36,355 | 36,983 |
| Materials and supplies | 207,549 | 222,657 |
| Facilities lease | 195,640 | 191,804 |
| Tuition | 425,834 | 450,667 |
| Total operating expenses | 1,782,738 | 1,823,642 |
| Operating loss | (1,782,738) | (1,823,642) |
| Nonoperating revenues | | |
| State appropriations from county school district | 1,335,326 | 1,358,967 |
| Capital outlay funds | 63,697 | 50,027 |
| Award funds | 23,476 | 22,895 |
| St. Petersburg College contribution | 425,834 | 450,667 |
| Other non-operating revenues, net of related expense of $12,913 and $15,590 in 2017 and 2016, respectively | 4,048 | (1,047) |
| Total nonoperating revenues | 1,852,381 | 1,881,509 |
| **Change in net position** | 69,643 | 57,867 |
| **Net position at beginning of year** | 1,018,187 | 960,320 |
| **Net position at end of year** | $ 1,087,830 | $ 1,018,187 |

The accompanying notes to the special-purpose financial statements are an integral part of this statement.

| | Year Ended June 30, 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers | $ (207,780) | $ (222,409) |
| Payments to employees | (691,478) | (689,210) |
| Payments for benefits | (202,140) | (195,534) |
| Payments for other services | (57,568) | (61,807) |
| Payments for facilities lease | (195,640) | (191,804) |
| Payments for tuition | (425,834) | (450,667) |
| Net cash used by operating activities | (1,780,440) | (1,811,431) |
| **Cash flows from noncapital financing activities** | | |
| State appropriations | 1,339,925 | 1,365,979 |
| Award funds | 23,476 | 22,895 |
| Receipts for other nonoperating activities | 16,961 | 14,543 |
| Payments for other nonoperating activities | (12,913) | (15,590) |
| St. Petersburg College contribution | 425,834 | 450,667 |
| Net cash provided by noncapital financing activities | 1,793,283 | 1,838,494 |
| **Cash flows from capital and related financing activities** | | |
| Capital outlay funds | 58,620 | 45,428 |
| **Net increase in cash and cash equivalents** | 71,463 | 72,491 |
| **Cash and cash equivalents at beginning of year** | 1,137,941 | 1,065,450 |
| **Cash and cash equivalents at end of year** | $ 1,209,404 | $ 1,137,941 |

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of net operating loss to net cash used by operating activities** | | |
| Operating loss | $ (1,782,738) | $ (1,823,642) |
| Adjustments to reconcile net operating loss to net cash used by operating activities | | |
| (Decrease) increase in accounts payable | (231) | 248 |
| Increase in other payables | 2,529 | 11,963 |
| **Net Cash Used by Operating Activities** | $ (1,780,440) | $ (1,811,431) |

## Note A - Nature of Activities and Summary of Significant Accounting Policies

*Nature of Activities*

St. Petersburg College Collegiate High School (Collegiate High School) is a restricted fund of St. Petersburg College (the College). The general operating authority of the Collegiate High School is contained in Section 1002.33, Florida Statutes. The Collegiate High School operates under a charter with the sponsoring school district, the School Board of Pinellas County (Sponsor or District). The initial charter was renewed on November 11, 2008 for a period of 15 years. The renewed charter became effective on July 1, 2009 and is effective through June 30, 2024. The charter can be renewed every five school years or longer by mutual written agreement of the parties, pursuant to Florida law. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case, the Sponsor is required to notify the Collegiate High School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. The Collegiate High School shall notify the Sponsor in writing at least 90 days prior to the expiration of the charter as to its intent to renew or not renew.

*Basis of Presentation*

The records of the Collegiate High School are maintained as a fund on the books of the College and, accordingly, they follow the same basis of presentation. The Collegiate High School'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 National Association of College and University Business Officers (NACUBO) also provide the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

GASB allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities, or engaged in both governmental and business-type activities. The College elected to report as an entity engaged in only business-type activities. Therefore, these special-purpose financial statements are presented accordingly.

*Basis of Accounting*

Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Collegiate High School's financial statements are presented using the economic resource measurement focus and accrual basis of accounting. 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 Collegiate High School's principal activity is instruction. Operating expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, and physical plant operations. Nonoperating revenues include state appropriations from the county school district, a State of Florida School Recognition Award, Charter School Capital Outlay Funds, contribution from the College, and other grants. The Collegiate High School follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

*Cash and Cash Equivalents*

Amounts reported as cash and cash equivalents consist of cash on hand and cash in demand deposit accounts. Cash deposits of the Collegiate High School are held by banks qualified as public depositories under Florida Statute Chapter 280. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool.

For purposes of the statement of cash flows, the Collegiate High School considers all unrestricted and restricted highly liquid investments, such as money market accounts, to be cash equivalents.

*Accounts Receivable*

Management considers all receivables at June 30, 2017 to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at June 30, 2017 and 2016.

*Capital Assets*

The Collegiate High School uses the policies of the College for capitalization and depreciation. The Collegiate High School has a capitalization threshold of $5,000 for tangible personal property and $25,000 for improvements other than buildings. There were no capital assets as of June 30, 2017 and 2016.

*Net Position*

The Collegiate High School's net position is classified into the following net position categories:

*Restricted for Capital Outlay Projects - Expendable*: Net position that must be used for the purchase, lease-purchase, or lease of permanent or relocatable school facilities and for the payment of the premiums for property and casualty insurance necessary to insure the school facilities.

*Unrestricted*: All other categories of net position.

When both restricted and unrestricted resources are available to fund capital outlay projects, it is the Collegiate High School's policy to first apply the restricted resources to such projects followed by the use of unrestricted resources. If capital outlay funds are received and expended in the same fiscal year, the Collegiate High School reports the resources as unrestricted.

*Revenue Sources*

Revenue for current operations is received primarily from the School Board of Pinellas County, Florida pursuant to the funding provisions included in the Collegiate High School's charter. In accordance with the funding provisions of the charter and Section 1002.33 (18)(b), Florida Statutes, the Collegiate High School reports the number of fulltime equivalent (FTE) students and related data to the District. State appropriations, capital outlay funds, awards, contributions, and grant funding are classified as nonoperating revenue. The level of the Collegiate High School's operations and program services may be impacted or discontinued if funding is not renewed.

*Subsequent Events*

Management has evaluated all events subsequent to the statement of net position date of June 30, 2017 through September 19, 2017, which was the date the financial statements were available to be issued. There were no subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

## Note B - Accounts Receivable

Accounts receivable as of June 30, 2017 consists of $5,077 representing accrued capital outlay revenue receivable from the Pinellas County School Board for the month of June 2017 that was collected in July 2017. Accounts receivable as of June 30, 2016 consisted of $4,599 representing accrued capital outlay revenue receivable from the Pinellas County School Board for the month of June 2016 that was collected in July 2016.

## Note C - Compensated Absences Liability

College employees may accrue annual vacation and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, state noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations.

At June 30, 2017 and 2016, the estimated liability for compensated absences payable to the Collegiate High School employees, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $123,630 and $121,646, respectively.

The current portion of the compensated absences liability at June 30, 2017 and 2016 totaled $12,363 and $12,165, respectively, and is expected to be paid in the coming fiscal year. The current portion was determined by calculating 10% of the compensated absences liability at June 30, 2017 and 2016, estimated based on amounts that were historically paid out at the College.

## Note D - Functional Distribution of Expenses

Operating expenses on the statements of revenues, expenses, and change in net position are presented in natural classifications. Below are those same expenses presented in functional classifications as recommended by NACUBO. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. Functional classification of expenses for the years ended June 30 is summarized in the following table:

| | 2017 | 2016 |
|---|---|---|
| Instruction | $ 1,072,752 | $ 1,096,871 |
| Academic support | 709,986 | 726,771 |
| Total operating expenses | $ 1,782,738 | $ 1,823,642 |

## Note E - State Retirement Programs

*Florida Retirement System.*

The College participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the College implemented Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plan. The requirements of this statement were being implemented prospectively, with the College reporting its proportionate share of the actuarially determined liabilities at the July 1, 2014 date of transition, amortized over 30 years.

As a department of the College, the Collegiate High School's net pension liability is aggregated within the College's net pension liability.

Essentially all regular employees of the College, including the Collegiate High School are eligible to enroll as members of the state administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail.

The FRS is a cost-sharing, multiple-employer public-employee retirement system with two defined benefit plans and other nonintegrated programs administered by the Department of Management Services, Division of Retirement. These include a defined-benefit pension plan (Pension Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Pension Plan prior to July 1, 2011 vest at six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

All members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65, or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Pension Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Pension Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Collegiate High School employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in the Investment Plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

DROP is subject to the provisions of Section 121.091, Florida Statutes, and permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Fund and accrue interest.

*State College System Optional Retirement Program*

Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible charter school instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers.

The employing college contributes, on behalf of the participant, 7.98% of the participant's salary, less a small amount of 0.10% used to cover administrative costs; employees contribute 3% of the their salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the charter school to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There was one Collegiate High School employee participating in the Optional Retirement Program during the years ended June 30, 2017 and 2016. The Collegiate High School's contributions to the Program for the years ended June 30, 2017 and 2016 were $5,458 and $5,333, respectively. Effective July 1, 2011, employees were required to contribute 3%. Employee contributions totaled $2,078 and $2,022 for the years ended June 30, 2017 and 2016, respectively.

*Contributions*

The state of Florida establishes contribution rates for participating employers and employees. Contribution rates during for the year ended June 30, 2017 were as follows:

| | Percent of Gross Salary | |
|---|---|---|
| Class or Plan | Employee | Employer*(a)* |
| FRS - regular | 3% | 7.52% |
| FRS - senior management service | 3% | 21.77% |
| DROP - applicable to members from all of the above classes or plan | 0% | 12.99% |

*(a) Employer rates include 1.66% for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06% for administrative costs of the Investment Plan.*

The Collegiate High School's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The Collegiate High School's contributions to the state administered FRS for the years ended June 30, 2017 and 2016 were $46,904 and $45,076, respectively, which were equal to the required contributions for each year.

Effective July 1, 2011, employees are required to contribute 3% to their respective state administered retirement plan. During the year ended June 30, 2017, there were eight Collegiate High School participants enrolled in the Pension Plan, one participant enrolled in the DROP plan, and five participants enrolled in the Investment Plan. Employee contributions totaled $18,441 and $18,417 for the years ended June 30, 2017 and 2016, respectively, which were equal to the required contributions for each year.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement. The FRS Investment Plan is administered by the Florida State Board Administration (SBA), and is reported in an SBA annual financial statement and in the State of Florida Comprehensive Annual Financial Report.

## Note F - Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks through a self-insured program and the Florida Community Colleges Risk Management Consortium. The Collegiate High School is part of the College's self-insured program for risk management.

*Self-Insured Program*

The board of trustees of the College has established an individual self-insured program to provide group health and dental insurance for College employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $500,000 per insured person for the years ended June 30, 2017 and 2016.

The plan is provided by an insurance company licensed by the state of Florida Department of Financial Services, Office of Insurance Regulation. The College contributes a portion of employee premiums as a fringe benefit. The remaining portion of the employee premium and dependent coverage is by payroll deduction. Coverage for retirees, former employees, and their dependents is by prepaid premium. The Collegiate High School is part of the College's self-insured program for group health insurance benefits.

*Consortium*

The College participated in the Florida Community Colleges Risk Management Consortium (the Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of Florida public community colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated statewide community college risk management program.

The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three years. The Collegiate High School is part of the College's participation in the Consortium.

## Note G - Litigation

The College is involved in several pending and threatened legal actions not related to the Collegiate High School. The range of potential loss from all such claims and actions, as estimated by the College's attorney and management, should not materially affect the financial condition of the College or the Collegiate High School.

## Note H - Related Parties

There is a formal lease agreement between the Collegiate High School and the College for facility space utilized by the Collegiate High School. The term of the lease agreement is 30 years and commenced on September 1, 2007. The lease was amended in March 2009 to accommodate the Collegiate High School's move to its present facilities on the second floor of the Student Services Building. Either party may terminate this agreement upon giving the other party no less than 360 days' notice. The Collegiate High School will pay to the College base rent for the leased premises for each year during the lease term in the amount of $15 per square foot or $168,630. The base rent shall escalate on the anniversary date of each year during the lease term at a rate of 2% from the immediately preceding year's base rent. Lease payments made for the years ended June 30, 2017 and 2016 were $195,640 and $191,804, respectively.

Scheduled lease payments for future periods under the operating lease with the College are as follows:

| Year Ending June 30, | |
|---|---|
| 2018 | $ 199,553 |
| 2019 | 203,544 |
| 2020 | 207,615 |
| 2021 | 211,767 |
| 2022 | 216,002 |
| 2023-2027 | 1,146,566 |
| 2028-2032 | 1,265,901 |
| 2033-2037 | 1,250,863 |
| | $ 4,701,811 |

The Collegiate High School receives annual Capital Outlay funding, restricted for lease payments and other capital outlay requirements. This funding allocation is expected to be insufficient to cover capital outlay requirements including lease payments. The Collegiate High School has no net position restricted for capital outlay projects at June 30, 2017 and 2016.

*Tuition*

Florida Statute Section 1007.271, Dual Enrollment Programs, addresses enrollment of eligible secondary students in postsecondary courses creditable toward high school completion and a career certificate or an associate or baccalaureate degree.

The Statute requires each district school superintendent and each public postsecondary institution president to develop a comprehensive dual enrollment articulation agreement for the respective school district and postsecondary institution. Such agreement must be submitted annually to the Florida Department of Education. The components of the articulation agreement include a requirement for a funding provision that delineates costs incurred by each entity.

The funding provision requirement further details that school districts shall pay public postsecondary institutions the standard tuition rate per credit hour from funds provided in the Florida Education Finance Program when dual enrollment course instruction takes place on the postsecondary institution's campus, and the course is taken during the fall or spring term.

In accordance with this legislation, the College invoiced the Collegiate High School for the number of semester hours taken by Collegiate High School students for classes at St. Petersburg College, multiplied by the standard tuition rate per credit hour, for the fall and spring terms. The Collegiate High School recorded this tuition expense which totaled $425,834 and $450,667 for the fiscal years ended June 30, 2017 and 2016, respectively.

As no additional state appropriations were provided to the Collegiate High School, the College contributed funds in the amount of $425,834 and $450,667 for the fiscal years ended June 30, 2017 and 2016, respectively, to help offset various operating expenses such as the costs for textbooks, nutrition, contracted services and educational supplies.

## Note I - Operating Lease Commitments

The Collegiate High School leases computer equipment and a copier under operating leases. The computer lease expires in 2019. The copier lease expires in 2018. These leased assets and the related commitments are not reported on the Collegiate High School's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Future minimum lease commitments for noncancelable operating leases are as follows:

| Year Ending June 30 | |
|---|---|
| 2018 | $ 6,550 |
| 2019 | 1,912 |
| | $ 8,462 |

# 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*

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School

St. Petersburg, Florida

We have audited, 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, the special-purpose financial statements of St. Petersburg College Collegiate High School as of and for the year ended June 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise St. Petersburg College Collegiate High School's basic special-purpose financial statements, and have issued our report thereon dated September 19, 2017.

## Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered St. Petersburg College Collegiate High School's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Petersburg College Collegiate High School's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Petersburg College Collegiate High School'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 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 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Petersburg College Collegiate High School's special-purpose 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 special-purpose financial statement amounts. 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*.

100 Second Avenue South, Suite 600 | St. Petersburg, Florida 33701-4336
(727) 821-6161 | Fax (727) 822-4573 | www.gsscpa.com

**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 St. Petersburg College Collegiate High School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Petersburg College Collegiate High School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gregory, Sharer & Stuart, P.A.

Gregory, Sharer + Stuart, P.A.

St. Petersburg, Florida
September 19, 2017

Gregory, Sharer & Stuart, P.A.
*Certified Public Accountants and Business Consultants*

# Management Letter

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School
St. Petersburg, Florida

## Report on the Financial Statements

We have audited the special-purpose financial statements of St. Petersburg College Collegiate High School as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 19, 2017.

## Auditor's Responsibility

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, and Chapter 10.850, Rules of the Auditor General.

## Other Reports and Schedules

We have issued our 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.* Disclosures in that report, if any, which is dated September 19, 2017, should be considered in conjunction with this management letter.

## Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the June 30, 2016 financial audit report.

## Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is St. Petersburg College Collegiate High School.

## Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the St. Petersburg College Collegiate High School has met one or more conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that St. Petersburg College Collegiate High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for St. Petersburg College Collegiate High School. It is management's responsibility to monitor the St. Petersburg College Collegiate High School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether St. Petersburg College Collegiate High School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that St. Petersburg College Collegiate High School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

## Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the school's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the board of trustees of St. Petersburg College and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

**Gregory, Sharer & Stuart, P.A.**

Gregory, Sharer + Stuart, P.A.

St. Petersburg, Florida
September 19, 2017