

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**

**(A Component Unit of St. Petersburg College)**

**Basic Financial Statements  
and Supplementary Information**

**March 31, 2023 and 2022**

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Financial Statements**  
**March 31, 2023 and 2022**

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PRIDA, GUIDA & PEREZ, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
1106 N. FRANKLIN STREET  
TAMPA, FLORIDA 33602

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Institute for Strategic Policy Solutions, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Institute for Strategic Policy Solutions, Inc. ("Institute"), a component unit of St. Petersburg College, as of and for the years ended March 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Institute as of March 31, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2023 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.



Prida Guida Perez P.A.  
Tampa, Florida  
July 5, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Management’s Discussion and Analysis (Unaudited)**  
**March 31, 2023 and 2022**

The management of the Institute for Strategic Policy Solutions Inc. (“Institute” or “ISPS”) at St. Petersburg College (“College”) presents the following management’s discussion and analysis (“MD&A”) narrative overview and analysis of the financial activities of the Institute for the year ended March 31, 2023, with comparative information for the years ended March 31, 2022 and 2021. The purpose of this discussion is to enable the reader to identify and understand the significant issues and the financial condition of the Institute. The information presented here should be read in conjunction with accompanying audited financial statements and footnotes. The financial statements, footnotes, and this MD&A were prepared by management and are the responsibility of management.

**Financial Highlights**

**Overview:** The Institute’s financial position as a whole declined during the year ended March 31, 2023, with net position decreasing by \$167,955 or 1% as a result of operating expenses exceeding operating and nonoperating revenues, decreasing the net position balance to \$14,160,955.

**Presentation:** The Institute presents its financial report in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 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, 2023	Change		March 31, 2022	Change		March 31, 2021
<b>Assets</b>							
Current assets	\$ 14,313,021	\$ (20,402) .0%		\$ 14,333,423	\$ 13,911,344 3,296%		\$ 422,079
<b>Liabilities</b>							
Current liabilities	\$ 152,066	\$ 147,553 3,270%		\$ 4,513	\$ 3,468 332%		\$ 1,045
<b>Net position</b>							
Restricted - expendable	247	(36,381) -99%		36,628	36,628 100%		-
Unrestricted	14,160,708	(131,574) -1%		14,292,282	13,871,248 3,295%		421,034
Total net position	<u>14,160,955</u>	<u>(167,955) -1%</u>		<u>14,328,910</u>	<u>13,907,876 3,303%</u>		<u>421,034</u>
Total liabilities and net position	<u>\$ 14,313,021</u>	<u>\$ (20,402) .0%</u>		<u>\$ 14,333,423</u>	<u>\$ 13,911,344 3,296%</u>		<u>\$ 422,079</u>

The statement of net position includes all assets and liabilities of the Institute. Net position serves as a useful indicator of an organization’s financial health over time.

The condensed schedule of net position shows the assets, liabilities, and net position as of March 31, 2023, 2022, and 2021. Current assets consist of cash in commercial banks, money market accounts, investments, and amounts due from the College. Current assets decreased by \$20,402 or <1% during 2023 and increased by \$13,911,344 or 3,296% during 2022. The reason behind the 2023 decrease was the net amount due from the College for operating expenses paid by the College on behalf of the Institute. The reason behind the 2022 increase was the transfer of assets previously held by the St. Petersburg College Foundation (“Foundation”) to the Institute.

Current liabilities increased by \$147,553 or 3,270% during 2023 and increased by \$3,468 or 332% during 2022. Current liabilities at March 31, 2023 consists of amounts due to the College and accounts payable. The current liabilities at March 31, 2022, consists of accounts payable.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Management's Discussion and Analysis (Unaudited)**  
**March 31, 2023 and 2022**

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

	Year Ended March 31, 2023	Change		Year Ended March 31, 2022	Change		Year Ended March 31, 2021
Operating revenue and expenses							
Operating revenues	\$ 21,920	\$ (58,659)	-73%	\$ 80,579	\$ (391,844)	-83%	\$ 472,423
Operating expenses	555,611	150,215	37%	405,396	93,719	30%	311,677
Operating (loss) income	(533,691)	(208,874)	64%	(324,817)	(485,563)	-302%	160,746
Nonoperating revenue	365,736	365,736	100%	-	-	100%	-
Nonoperating transfer of assets from St. Petersburg College Foundation	-	(14,232,693)	-100%	14,232,693	14,232,693	100%	-
Change in net position	(167,955)	(14,075,831)	-101%	13,907,876	13,747,130	8,552%	160,746
Net position, beginning of year	14,328,910	13,907,876	3,303%	421,034	160,746	62%	260,288
Net position, end of year	<u>\$ 14,160,955</u>	<u>\$ (167,955)</u>	-1%	<u>\$ 14,328,910</u>	<u>\$ 13,907,876</u>	3,303%	<u>\$ 421,034</u>

The statement of revenues, expenses, and change in net position categorizes revenues earned and expenses incurred during the year that are connected directly to the Institute's primary functions as operating revenues and expenses.

The condensed schedule of revenues, expenses and change in net position reflects operating revenue for the years ended March 31, 2023, 2022 and 2021. Operating revenue is primarily generated through income from contributions, sponsorships, and in-kind operating contributions. Operating expenses exceeded operating revenues during 2023 resulting in an operating loss of \$533,691. Due to the results of operating activities and nonoperating income, net position decreased \$167,955.

**Using the Information in the Financial Report**

The Institute'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 GASB. These statements focus the reader of the financial reports on the Institute'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 Institute's finances is whether the Institute 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 Institute's net position (the difference between assets and liabilities) is one indicator of the Institute's financial health when considered in combination with other nonfinancial information.

The statements of net position report assets, liabilities, and net position as of March 31, 2023 and 2022. 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 statements 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.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Management’s Discussion and Analysis (Unaudited)**  
**March 31, 2023 and 2022**

**Using the Information in the Financial Report (Continued)**

The statements of revenues, expenses and change in net position report revenue earned and expenses incurred during the year as either operating or non-operating. Contributions, sponsorships, and donations, and administration, programming and fundraising related activities are reported as operating revenue and expenses. Investment activity is reported as non-operating revenue. Both the statements of net position and the statements 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 periods.

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.

**Economic Outlook for Fiscal Year 2023-2024**

In 2022, the Foundation transferred approximately \$14 million in assets to the Institute that was initially seeded with state appropriations for the establishment of a Florida College System (“FCS”) institute at St. Petersburg College. The Institute’s Board of Directors created a Finance Committee which developed a three-tiered Investment Policy reserving \$1 million as a cash reserve, investing \$7 million, representing the original appropriation, in U.S. government obligations, and investing any remaining asset balance in diversified stocks and short-term bonds. The investment strategy of selecting liquid low-risk income producing instruments was designed to help mitigate unfavorable changes in tax law and financial market fluctuations while still funding the Institute’s annual operating budget. The investment portfolio is actively managed by an Investment Manager with a financial institution that is empowered to select diversified investment vehicles and securities within the defined parameters of the policy addressing risk, overall goals, and performance and review.

With the financial security of the investment reserves, the Board has begun reimagining their mission statement of advancing academic excellence, community engagement, and economic vitality through high-quality, solutions-directed, non-partisan public policy programs to enrich the education experience, engage with local government to promote unity and efficiency, facilitate economic activity, and involve citizens in their college and government. By focusing on its strategic priorities around branding, content development, and their desire to have a statewide impact, the Board is seeking to meaningfully differentiate itself in the public policy space to ensure the content developed to engage, educate, and enhance the statewide college system is solution-oriented, attributive, and impactful to its beneficiaries.

In the next fiscal year, the Institute plans to continue strengthening their organizational governance, define their mode and methods of engagement, and determine their criteria in which to measure their success while simultaneously expanding their outreach and visibility, as well as, delivering relevant and high-quality programming.

Questions concerning this report or requests for additional information should be addressed to:

Kimberly G. Jackson, Esq., Executive Director  
Institute of Strategic Policy Solutions, Inc.  
P.O. Box 13489 | St. Petersburg, FL 33733

## **BASIC FINANCIAL STATEMENTS**

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Statements of Net Position**

	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,166,094	\$ 14,298,181
Investments	13,146,927	-
Due from St. Petersburg College	-	35,242
Total current assets	14,313,021	14,333,423
Total assets	\$ 14,313,021	\$ 14,333,423
<b>Liabilities and net position</b>		
Current liabilities		
Accounts payable	\$ 8,522	\$ 4,513
Due to St. Petersburg College	143,544	-
Total current liabilities	152,066	4,513
Net position		
Restricted - expendable	247	36,628
Unrestricted	14,160,708	14,292,282
Total net position	14,160,955	14,328,910
Total liabilities and net position	\$ 14,313,021	\$ 14,333,423

Read the accompanying notes to the financial statements.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Statements of Revenues, Expenses, and Change in Net Position**

	<b>Year Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating revenue</b>		
In-kind operating contributions	\$ 7,695	\$ 17,183
Contributions and sponsorships	14,225	63,201
Other operating revenue	-	195
Total operating revenues	<u>21,920</u>	<u>80,579</u>
<b>Operating expenses</b>		
Personnel services	353,681	297,199
Advertising and marketing	17,828	22,312
Travel (refund) expense, net	86,672	154
Other expenses	4,720	18,403
Contractual and professional services	77,107	51,762
Facilities and utilities	7,695	7,695
Materials and supplies	7,908	7,871
Total operating expenses	<u>555,611</u>	<u>405,396</u>
Operating loss	<u>(533,691)</u>	<u>(324,817)</u>
<b>Nonoperating revenue</b>		
Interest and dividends, net of fees	99,010	-
Net change in fair value of investments	266,726	-
Total nonoperating revenue	<u>365,736</u>	<u>-</u>
<b>Transfer of assets</b>		
Nonoperating transfer from St. Petersburg College Foundation	<u>-</u>	<u>14,232,693</u>
Change in net position	<u>(167,955)</u>	<u>13,907,876</u>
Net position at beginning of year	<u>14,328,910</u>	<u>421,034</u>
Net position at end of year	<u>\$ 14,160,955</u>	<u>\$ 14,328,910</u>

Read the accompanying notes to the financial statements.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Statements of Cash Flows**

	<b>Year Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Cash received from donors and members	\$ 14,225	\$ 63,201
Cash paid to St. Petersburg College	(300,428)	-
Cash paid to suppliers of goods and services	(64,693)	(23,011)
Net cash (used in) provided by operating activities	<u>(350,896)</u>	<u>40,190</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	3,731,370	-
Purchase of investments	(16,512,561)	-
Net cash used in investing activities	<u>(12,781,191)</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>		
Transfer from St. Petersburg College Foundation	-	14,232,693
Net cash provided by noncapital financing activities	<u>-</u>	<u>14,232,693</u>
Net change in cash and cash equivalents	(13,132,087)	14,272,883
Cash and cash equivalents, beginning of year	14,298,181	25,298
Cash and cash equivalents, end of year	<u>\$ 1,166,094</u>	<u>\$ 14,298,181</u>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities</b>		
Operating loss	\$ (533,691)	\$ (324,817)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities		
Changes in:		
Due from St. Petersburg College	178,786	361,539
Accounts payable	4,009	3,468
Net cash (used in) provided by operating activities	<u>\$ (350,896)</u>	<u>\$ 40,190</u>

Read the accompanying notes to the financial statements.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Notes to the Financial Statements**  
**March 31, 2023 and 2022**

**Note 1 – Organization**

*Nature of operations* – The Institute for Strategic Policy Solutions, Inc. (“Institute”) is a Florida nonprofit corporation. The Institute was formed in September 2011 and is governed by a Board of Directors (“Board”). The Institute was formed to benefit St. Petersburg College (“College”) in the promotion of educational and civic engagement and excellence through its operations and activities by providing students, faculty, college employees, and the community at large, a forum and center for learning and scholarly public discourse on key civic matters which may be local, regional, national, or international in scope and impact.

*Reporting entity* – The Institute is a direct support organization of the College, and its financial statements are presented in the College’s financial statements as a component unit.

As a direct support organization, the Institute is subject to the policies and procedures of the College. Accordingly, the Institute, for reporting purposes, is considered a governmental organization subject to reporting under the Governmental Accounting Standards Board (“GASB”).

**Note 2 – Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is 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 (“U.S. GAAP”) as promulgated by the 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 Institute’s financial statements. The Institute reports as an entity engaged in one business-type activity.

*Classification of current and noncurrent assets and liabilities* – The Institute 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 normal Institute 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 Institute’s cash and cash equivalents consist of cash in a demand deposit account and cash held in money market accounts which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor and the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per depositor. In addition, the Institute maintains accounts that qualify as public depositories pursuant to Chapter 280, Florida Statutes. Institute accounts maintained in accordance with Chapter 280, are not liable for losses. Any losses to public depositors are satisfied first through any applicable deposit insurance, and then through the sale of collateral pledged or deposited by the defaulting depository. For reporting cash flows, the Institute considers all high credit quality instruments with a duration of 30 days or less to be cash equivalents.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Notes to the Financial Statements**  
**March 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*Investments* – Investments are carried at fair value. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations. In the case of pooled funds or mutual funds, the fair 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. The net change in the fair value of investments consists of both realized and unrealized gains and losses on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

*Fair value measurements* – The Institute categorizes its fair value measurements within the fair value hierarchy established by GASB 72. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are organized into hierarchy based on the levels of inputs observable in the marketplace that are significant to the fair value measurement, as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible for identical assets or liabilities. Level 1 investments include publicly traded securities, exchange traded funds, mutual funds, and certain exchange change derivatives (warrants, rights, options, futures).

*Level 2* – Inputs to the valuation methodology are quoted prices in the markets that are not considered active, dealer quotations, or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable either directly or indirectly. Level 2 investments include certain fixed or variable income securities and institutional funds not listed in active markets.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to their fair value measurements.

The following is a description of the valuation methodologies used for the Institute’s investments measured at fair value:

*Equity securities* – The fair value of equity securities reflects market closing prices reported from publicly traded exchanges and are recorded as Level 1.

*Fixed income mutual funds* – Funds are reported as Level 1 as they trade with sufficient frequency and volume to enable the Institute to obtain pricing information on an ongoing basis.

*Equity mutual funds* – Funds are measured at fair value using quoted market prices and are recorded as Level 1 as they are traded in an active market for which closing prices are readily available.

*Federal agency obligations* – Investments are recorded as Level 2 and are measured based on quoted prices for similar securities in active markets.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
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**Notes to the Financial Statements**  
**March 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*Net position* – The Institute’s net position is classified into the following categories:

- *Restricted - expendable* – Assets subject to externally imposed conditions that can be fulfilled by the actions of the Institute or by the passage of time.
- *Unrestricted* – All other categories.

*Classification of revenues and expenses* – Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. The Institute 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 Institute’s primary functions. Such transactions include promoting educational excellence, special event fundraising revenues, contributions, and in-kind contributions. The Institute’s operating expenses include all fiscal transactions related to promoting and supporting the purposes of the Institute, instruction, administration, academic support, and student services. Certain other transactions are reported as nonoperating income and loss. These nonoperating activities include the Institute’s noncapital financing activities and net investment income (loss).

*Contributions* – Contributions are recorded as revenue when all eligibility requirements are met. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions designated by donors to be used in future years are recorded as restricted - expendable until such time restrictions have elapsed. 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 - expendable or nonexpendable depending on the nature of the restriction. When a restriction expires, net position restricted - expendable is reclassified to unrestricted net position.

*Donated items* – The value of donated materials, services, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods or services received at the time of the donation. Employees of the College operate the Institute. The College also provides office space for the Institute which is recognized as in-kind contribution revenue and expenses.

*Functional expenses* – Operating expenses of the Institute other than program services are allocated to functional categories based on management’s estimate of the time spent and direct expenses incurred in each of the functions. These functions are defined as follows:

*Program services* – Includes the costs associated with the operation of the Institute, events, and forums.

*Administrative* – The costs of operating the Institute offices, including gathering, processing, and maintaining financial and legal information.

*Fundraising* – The costs associated with the direct solicitation of contributions to the Institute.

*Application of restricted resources* – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Institute’s policy is to apply restricted resources first.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Notes to the Financial Statements**  
**March 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*Use of estimates* – The preparation of financial statements in accordance with U.S. GAAP 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.

*Income taxes* – The Institute 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 Institute is subject to income taxes on any net income that is derived from a trade of business, regularly carried on, and not in furtherance of the purpose for which the Institute 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.

**Note 3 – Cash, Cash Equivalents, and Investments**

Cash, cash equivalents, and investments consist of the following as of March 31:

	2023	2022
Cash and cash equivalents		
Commercial banks	\$ 1,068,912	\$ 65,293
Money market	97,182	14,232,888
Total cash and cash equivalents	1,166,094	14,298,181
Investments		
U.S. treasury notes	\$ 3,098,440	\$ -
Federal agency obligations	4,139,847	-
Equity securities	3,778,812	-
Mutual funds	2,129,828	-
Total investments	13,146,927	-
Total cash, cash equivalents, and investments	\$ 14,313,021	\$ 14,298,181

The following are maturities and credit quality ratings for the Institute's investments at March 31, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)				Ratings	
		Less than 1	1 to 5	6 to 10	More than 10	S&P	Moody's
Investments							
U.S. Treasury notes	\$ 3,098,440	\$ 2,966,878	\$ 131,562	\$ -	\$ -	(1)	(1)
Federal agency obligations	4,139,847	4,012,057	-	127,790	-	AA+/NA	AAA/NA
Fixed income mutual funds	127,238	-	127,238	-	-	BBB-	BAA3
Fixed income mutual funds	898,288	-	-	-	898,288	AA/NA	AAA/AA2
Fixed income mutual funds	658,779	-	-	-	658,779	BBB/BBB-	BAA2
Equity mutual funds	445,523	445,523	-	-	-	Not rated	
Equity securities	3,778,812	3,778,812	-	-	-	Not rated	
Total investments	\$ 13,146,927	\$ 11,203,270	\$ 258,800	\$ 127,790	\$ 1,557,067		

(1) Disclosure of credit risk is not required for this investment type.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
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**Note 3 – Cash, Cash Equivalents, and Investments (Continued)**

Investment revenue from these investments is summarized as follows for the years ended March 31:

	2023	2022
Net change in fair value of investments	\$ 266,726	\$ -
Interest and dividends	131,168	-
Investment fees	(32,158)	-
	\$ 365,736	\$ -

There are many factors that can affect the value of investments, including:

*Credit risk* – Fixed income securities are subject to credit risk, which is the risk that bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. A bond’s credit quality is an assessment of the issuer’s ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody’s Investors Service or Standard and Poor’s. The lower the rating, the greater the chance that the bond issuer will default or fail to meet payment obligations. Generally, the lower a bond’s credit rating, the higher its yield should be to compensate for the additional risk.

The Institute’s investment policy provides that fixed income securities shall be limited to high-credit quality, short and intermediate duration bonds including obligations of the U.S. government or those explicitly guaranteed by the U.S. government that have little or no credit risk. These securities may include diversified commingled investment vehicles such as index funds or exchange-traded-funds (“ETFs”).

*Interest rate risk* - Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities.

The Institute’s investment policy limits investments in fixed income securities high-credit quality, short and intermediate duration bonds (both U.S. and non-U.S., corporate and government, including government agencies and inflation-protected and non-inflation protected. As of March 31, 2023, the Institute has \$7,238,287 in obligations of the U.S. government and federal agencies.

*Concentration of credit risk* – Concentration of credit risk is the risk of loss associated with a lack of diversification, having too much invested in a few individual issuers, thereby exposing the Institute to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae, and government agencies are not considered by management to be a concentration of credit risk.

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**Note 3 – Cash, Cash Equivalents, and Investments (Continued)**

The Institute’s policy provides that investments in fixed income securities of a single security, issuer, or company may not exceed 10% of the overall portfolio. The Investment Manager has full responsibility for security selection and diversification subject to the guidelines of the Institute’s policy. The policy also provides that the target asset allocation for the investment portfolio is \$1 million reserve in cash or cash equivalents, \$7 million in liquid low risk income producing instruments such as U.S. Treasury notes or federal agency bonds, and any remaining balance of the investment portfolio not to exceed a 60% equity allocation.

*Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of failure of the counterparty, the Institute will not be able to recover the value of its cash and cash equivalents.

The Institute’s investment policy does not address custodial risk. Institute investments in debt securities are uninsured, not registered in the name of the Institute, and held by financial institutions, and as such, are exposed to custodial credit risk. From time to time the Institute holds deposits in excess of the amount insured by the FDIC and the SIPC. Management believes that the risk of loss on these deposits is remote.

*Foreign currency risk* – Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment’s fair value. As of March 31, 2023, the investment portfolio does not hold any foreign bonds. While foreign securities are held in an international equity account, they are held as American depository receipts (“ADR’s”) which are denominated in U.S. dollars and trade like U.S. domestic equities on U.S. domestic stock exchanges.

Under the Institute’s investment policy, permissible investments include common stocks, including ADRs and foreign issues traded on U.S. exchanges, as well as securities convertible into common stocks, International Developed Markets and Emerging Market Equities including common and preferred stocks listed on established exchanges.

*Fair value measurements* – The Institute’s Level 1 investments primarily consist of publicly traded equity securities, mutual funds, and exchange traded funds. Level 2 investments primarily consist of federal agency obligations and corporate bonds. The Institute does not hold any Level 3 or Net Asset Value (“NAV”) investments in its portfolio.

The following summarizes the investments reported at fair value within the fair value hierarchy as of March 31, 2023:

Asset Type	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$ 4,224,335	\$ 4,224,335	\$ -	\$ -
Fixed or variable income securities				
U.S. government guaranteed	7,238,287	3,098,440	4,139,847	-
Other U.S. dollar denominated	1,684,305	-	1,684,305	-
Total assets in the fair value hierarchy	<u>\$ 13,146,927</u>	<u>\$ 7,322,775</u>	<u>\$ 5,824,152</u>	<u>\$ -</u>

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
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**Note 4 – Related-Party Transactions**

*St. Petersburg College*

The Institute is related to the College by virtue of its primary purpose, which is to engage in activities for the promotion of educational and civic engagement and excellence through its operations for the benefit of the College, its students, and community. The President of the College, or his or her designee, serves on the Institute's Board as an Ex-officio member. New board members recommended by the Institute's steering committee must be approved by the President of the College prior to an official vote by the Institute's Board.

During the year, the Institute transferred cash to the College for payment of operating expenses. As of March 31, 2023, operating expenses paid by the College on the Institute exceed the cash received from the Institute in the amount of \$143,544. The amount owed to the College is recorded as Due to St. Petersburg College as a current liability. The cash balance exceeded the actual expenses in the amount of \$35,242 as of March 31, 2022. The excess cash was used by the College to pay operating expenses on behalf of the Institute in the next fiscal year.

The College provides office space for the Institute without charge. Management estimates fair market value of the annual rent, including utilities, to be approximately \$7,700 for each of the years ended March 31, 2023 and 2022.

*St. Petersburg College Foundation, Inc.*

The St. Petersburg College Foundation, Inc. ("Foundation") is related to the Institute as a direct support organization of the College. Until the year ended March 31, 2022, the Foundation held restricted assets appropriated for the Institute, totaling approximately \$14 million and distributed amounts to the Institute for its operations. During the year ended March 31, 2022, the Foundation transferred these assets to the Institute. The assets were held as cash pending the finalization of the Investment Policy by the Finance Committee and approval by the College's Board of Trustees. The Investment policy was finalized, and the Institute began actively investing the assets in November 2022.

**Note 5 – In-Kind Contributions**

In-kind contributions are included in operating revenues within the statements of revenues, expenses, and change in net position. During the years ended March 31, 2023 and 2022, the Institute received in-kind donations from various local broadcast media and the College. Management estimates that the fair value of in-kind contributions are as follows for the years ended March 31:

	2023	2022
Professional services contribution	\$ -	\$ 2,057
Operating contributions in-kind from the College	7,695	7,695
Fundraising contribution	-	6,283
Other operating contribution	-	1,148
	<u>\$ 7,695</u>	<u>\$ 17,183</u>

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
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**March 31, 2023 and 2022**

**Note 6 – Net Position Restricted - Expendable**

Net position restricted - expendable consists of \$247 and \$36,628 as of March 31, 2023 and 2022, respectively. The funds are restricted to benefit planned programming related to autism.

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

	2023	2022
Restricted - expendable at beginning of year	\$ 36,628	\$ -
Contributions	-	36,628
Release of restrictions	(36,381)	-
Restricted - expendable at end of year	\$ 247	\$ 36,628

Releases from donor restrictions were recognized because the Institute incurred expenses satisfying the restricted purposes during the year ended March 31, 2023.

**Note 7 – Functional Distribution of Expenses**

The operating expenses on the statements of revenues, expenses, and change in net position are presented in their 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 Institute are allocated to the following functional departments:

*Program services* – includes the costs associated with the operation of the Institute, events, and forums.

*Administrative* – includes the costs of operating the Institute’s offices, including gathering, processing, and maintaining financial and legal information.

*Fundraising* – includes the costs associated with the direct solicitation of contributions and developing members of the Institute.

**INSTITUTE FOR STRATEGIC POLICY SOLUTIONS, INC.**  
**(A Component Unit of St. Petersburg College)**  
**Notes to the Financial Statements**  
**March 31, 2023 and 2022**

**Note 7 – Functional Distribution of Expenses (Continued)**

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

	2023	2022
Program services		
Advertising and marketing	\$ 11,567	\$ 20,814
Personnel services	143,994	135,639
Food and beverages	12	-
Contractual and professional services	24,821	18,769
Materials and supplies	2,610	6,083
Travel expense, net	83,798	154
Other expenses	2,550	4,893
Total program services	269,352	186,352
Administrative		
Personnel services	161,523	118,239
Contractual and professional services	26,603	27,021
Facilities and utilities	7,695	7,695
Food and beverages	27	33
Office supplies	385	1,429
Advertising and marketing	6,250	700
Materials and supplies	4,920	-
Travel expense	3,316	-
Other expenses	3,304	6,918
Total administrative	214,023	162,035
Fundraising		
Personnel services	48,161	43,321
Contractual and professional services	24,000	1,500
Advertising and marketing	-	798
Materials and supplies	-	359
Other expenses	75	11,031
Total fundraising	72,236	57,009
Total expenses	\$ 555,611	\$ 405,396

**Note 8 – Subsequent Events**

The Institute has evaluated subsequent events through July 5,, 2023, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date, that would require adjustment to, or disclosure in, the financial statements.



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**INDEPENDENT AUDITORS' 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  
Institute for Strategic Policy Solutions, Inc.

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 Institute for Strategic Policy Solutions, Inc. ("Institute"), a component unit of St. Petersburg College, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated July 5, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Institute'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.

**INDEPENDENT AUDITORS' 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 (Continued)**

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



Prida Guida Perez P.A.  
Tampa, Florida  
July 5, 2023