

STATE SINGLE AUDIT REPORT

University of South Florida Foundation, Inc.

Year Ended June 30, 2019

With Reports of Independent Auditor

University of South Florida Foundation, Inc.

State Single Audit Report

Year Ended June 30, 2019

**Contents**

Schedule of Expenditures of State Financial Assistance .....1

Notes to Schedule of Expenditures of State Financial Assistance.....2

Report of Independent Auditor 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*..... 3 - 4

Report of Independent Auditor on Compliance for Each Major State Financial  
Assistance Project and on Internal Control over Compliance Required by Chapter  
10.650, *Rules of the Auditor General of the State of Florida*..... 5 - 6

Schedule of Findings and Questioned Costs..... 7 - 8

Summary Schedule of Prior Audit Findings.....8

University of South Florida Foundation, Inc.

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2019

<u>Grantor/Agency Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>STATE FINANCIAL ASSISTANCE</b>			
State of Florida - Department of Education and Commissioner of Education:			
University Major Gifts Program	48.074	13-9020	<u>\$ 10,430,330</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 10,430,330</u></u>

University of South Florida Foundation, Inc.

Notes to Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2019

**1. Presentation and Basis of Accounting**

Expenditures are reported on the accrual basis of accounting and presented in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and the requirements of the Florida Board of Education. Expenditures are earned and incurred pursuant to Section 1011.94, Florida Statutes.

**2. University Major Gift Challenge Grant Program**

The University of South Florida Foundation, Inc. (the “Foundation”) may receive state matching contributions from the state of Florida for new major gifts to the Foundation meeting the criteria of the Challenge Grant Program. The amounts shown as expenditures are the matching funds received from the state of Florida and expenditures made from these endowments during the fiscal year.

The Major Gifts Program has been temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations received on or before June 29, 2011, remain eligible for future matching funds when appropriated by the state. The program may be restarted by the state after \$200 million of the backlog for the state match programs has been funded.

**3. Indirect Cost Rate**

The Foundation did not utilize indirect cost rates, including the 10% de minimis indirect cost rate, for reimbursement of grant expenditures for the fiscal year ended June 30, 2019.

**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements  
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors  
University of South Florida Foundation, Inc. and subsidiary  
Tampa, 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 University of South Florida Foundation, Inc. and subsidiary (the “Foundation”), a direct support organization and component unit of the University of South Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation’s basic financial statements, and have issued our report thereon dated October 14, 2019. Our report includes an emphasis of matter paragraph which discloses the Foundation changed its financial accounting framework from that prescribed by the Financial Accounting Standards Board (FASB) to the accounting framework prescribed by the Governmental Accounting Standards Board (GASB). Our report is not modified with respect to that matter.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Foundation’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation’s consolidated financial statements are free of 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 consolidated 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekant* LLP

Tampa, Florida  
October 14, 2019

**Report of Independent Auditor on Compliance for Each Major State Financial Assistance Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida**

To the Board of Directors  
University of South Florida Foundation, Inc.  
Tampa, Florida

**Report on Compliance for Each Major State Financial Assistance Project**

We have audited the University of South Florida Foundation, Inc. (the “Foundation”) compliance with the types of compliance requirements described in the Executive Office of the Governor of Florida’s State Projects Compliance Supplement that could have a direct and material effect on each of the Foundation’s major state financial assistance project for the year ended June 30, 2019. The Foundation’s major state financial assistance projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state financial assistance projects.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Foundation’s major state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Foundation’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state financial assistance project. However, our audit does not provide a legal determination of the Foundation’s compliance.

***Opinion on Each Major State Financial Assistance Project***

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2019.

## **Report on Internal Control over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state financial assistance project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project, on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida**

We have audited the financial statements of the Foundation as of and for the year ended June 30, 2019, and have issued our report thereon dated October 14, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Cherry Bekant* LLP

Tampa, Florida  
October 14, 2019



University of South Florida Foundation, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   x   no

Significant deficiency(ies) identified not considered to be material weakness(es)?      yes   x   none reported

Noncompliance material to financial statements noted      yes   x   no

**State Projects Section**

Internal control over major projects:

Material weakness(es) identified?      yes   x   no

Significant deficiency(ies) identified not considered to be material weakness(es)?      yes   x   none reported

Type of auditors' report on compliance for state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*      yes   x   no

Identification of major state projects:

CSFA Number	Name of Project
48.074	University Major Gifts Program

Dollar threshold used to determine Type A projects: \$ 750,000

University of South Florida Foundation, Inc.

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2019

**Part II - Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III - State Project Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of state financial assistance projects, as required to be reported by Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

There were no findings required to be reported by Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

**Summary Schedule of Prior Audit Findings**

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings.