

**FLORIDA A&M UNIVERSITY
RATTLER BOOSTERS, INCORPORATED**

**AUDITED FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED
JUNE 30, 2021 AND JUNE 30, 2020**



FAMU RATTLER BOOSTERS, INC.
FOR THE YEAR ENDED
JUNE 30, 2021 AND JUNE 30, 2020

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Independent Auditor's Report

To the Board of Directors
FAMU Rattler Boosters, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of the FAMU Rattler Boosters, Inc. (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, and June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 audit. 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. Those standards require that we plan and perform the audit 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 net position of the FAMU Rattler Boosters as of June 30, 2021 and June 30, 2020, and in its revenues, expenses, and changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be 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 audit 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 October 8, 2021, on our consideration of the FAMU Rattler Boosters' 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 FAMU Rattler Boosters' 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 FAMU Rattler Boosters' internal control over financial reporting and compliance.

Grayson Accounting & Consulting, P.A.

Tallahassee, Florida
October 8, 2021

Florida A & M University Rattler Boosters, Inc.
Management Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

The management's discussion and analysis provide an overview of the financial position and activities of the FAMU Rattler Booster, Inc. ("Rattler Boosters") for the fiscal years ended June 30, 2021 and 2020. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. It should be read in conjunction with the financial statements and notes to financial statements for the Rattler Boosters which follow this section.

OVERVIEW OF FINANCIAL STATEMENTS

The Rattler Boosters' financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The financial statements focus on the financial condition of the Rattler Boosters, the results of operations, and cash flows of the Rattler Boosters as a whole. The accrual basis of accounting is used for presentation which is similar to most private-sector companies.

The Statement of Net Position presents the financial position of the Rattler Boosters at the end of the fiscal year and includes all of the assets and liabilities of the Rattler Boosters. The change in net position – the difference between assets and liabilities – is one indicator of the current financial position of the Rattler Boosters; however, other non-financial factors, such as the national and international economy must also be considered when assessing the overall health of the Rattler Boosters. The differences in net position that occur over time indicate whether the overall financial condition of the Rattler Boosters has improved or worsened. Assets and liabilities are reported at cost, approximating fair value, with the exception of investments, which are reported at fair value, and capital assets, which are stated at the historical cost less accumulated depreciation.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenue and expense activity for the Rattler Boosters, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The Statement of Cash Flows provides information about the Rattler Boosters' financial results by reporting the major sources and uses of cash and cash equivalents. This statement assists in evaluating the Rattler Boosters' ability to generate net cash flows, its ability to meet its financial obligations as they come due and its need for external financing.

Florida A & M University Rattler Boosters, Inc.
Management Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

REPORTING ENTITY

Florida A & M University Rattler Boosters, Inc. (“Rattler Boosters”) is a non-profit organization that provides financial support to the student-athletes representing Florida A&M University. The Rattler Boosters seeks to enrich the educational experience of each student-athlete by generating substantial financial contributions through annual Rattler Booster memberships. These contributions significantly lend to the growth and stability of the Athletics Program.

FINANCIAL HIGHLIGHTS

The assets for the Rattler Boosters totaled \$194,677 as of June 30, 2021, which reflects an increase of \$76,037 or 64%, from the 2019-2020 fiscal year. This increase was primarily attributed to an increase in collection of donations. Liabilities for the Rattler Boosters did not change and remains at zero. Total ending net position increased by \$76,037, or 64%, for a year-end balance of \$194,677.

The Rattler Boosters operating revenues totaled \$105,023 for the 2020-2021 fiscal year, representing a \$10,131 or 11% increase from 2019-2020. Operating expenses totaled \$29,209 for the 2020-2021 fiscal year resulting in a 54% decrease over 2019-2020. Net non-operating revenues (expenses) for the 2020-2021 fiscal year totaled (\$14,348) which is an increase of \$48,385 or 77% increase from the 2019-2020 fiscal year. This increase was attributed to a transfer from restricted funds.

BUDGETARY HIGHLIGHTS

The Rattler Boosters’ budgeted amount of revenues for the fiscal year 2020-2021 was \$220,943. The actual amount of revenues was \$105,023 which represents an unfavorable variance of \$115,920 or 52% compared to projected revenues for the fiscal year. The unfavorable variance is attributed to not meeting the goals for member dues and other income.

The Rattler Boosters budgeted amount of expenses for fiscal year 2020-2021 was \$110,204. The actual amount of expenses was \$29,209 which represents a favorable variance of \$80,995 or 73% compared to projected expenses for the fiscal year. This favorable variance is attributed to a lack of concession stand operation expenses, salaries, and entertainment and dinner expenses because of the COVID pandemic.

Overall, the Rattler Boosters did not meet the budgeted income goals by \$115,920, but due to the savings in expenses of \$80,995 the net result is a profit of \$75,813 for the fiscal year.

Florida A & M University Rattler Boosters, Inc.
Management Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

ECONOMIC CONDITIONS AND OUTLOOK

Florida A&M University and the FAMU Foundation are expected to support the Rattler Boosters at levels consistent with the current year.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position June 30:

	2021	2020
<u>ASSETS</u>		
Current assets	51,406	17,047
Noncurrent assets	139,135	101,593
Total assets	190,541	118,640
<u>LIABILITIES</u>		
Current liabilities	-	-
Noncurrent liabilities	-	-
Total Liabilities	-	-
<u>NET POSITION</u>		
Total net position	190,541	118,640

Condensed Statement of Revenue, Expenses, and Changes in Net Position – June 30:

	2021	2020
Total operating revenues	105,023	94,891
Total operating expenses	29,175	63,567
Operating income	75,847	31,325
Net nonoperating revenues (expenses)	(14,348)	(62,733)
Contributions from donors for permanent endowments	10,402	58,921
Increase (decrease) in net position	71,901	27,513
Net position, beginning of year	118,640	91,127
Net position, end of year	190,541	118,640

FAMU RATTLER BOOSTERS, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents (Cash held in trust)	49,857	13,087
Funds held and invested by the Florida A&M University Foundation, Inc. on behalf of the FAMU Rattler Boosters, Inc., current portion	1,549	1,469
Life memberships receivable, current portion, net	-	2,491
Total current assets	51,406	17,047
Noncurrent assets		
Funds held and invested by the Florida A&M University Foundation, Inc. on behalf of the FAMU Rattler Boosters, Inc., noncurrent portion	139,135	99,914
Life memberships receivable, less current portion, net	-	1,679
Capital assets, net	-	-
Total noncurrent assets	139,135	101,593
Total assets	190,541	118,640
<u>LIABILITIES</u>		
Current liabilities	-	-
Noncurrent liabilities	-	-
Total Liabilities	-	-
<u>NET POSITION</u>		
Net investment in capital assets	-	-
Restricted for permanent endowments - nonexpendable	140,685	101,383
Unrestricted	49,857	17,257
Total net position	190,541	118,640

FAMU RATTLER BOOSTERS, INC.
STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating revenue		
Contributions	87,175	37,618
Membership dues	11,705	14,675
Other Income	383	36,830
In-Kind Donations	5,760	5,768
Total operating revenues	105,023	94,891
Operating expenses		
Administrative Charges	1,454	-
Bad Debt Expense	-	1,768
Bank Fees	901	1,408
Contract Services	13,230	1,500
Receptions & Meetings	-	31,418
Legal and Accounting	4,500	5,500
Materials and Supplies	2,331	5,099
Miscellaneous Expense	217	3,942
Occupancy	6,206	5,877
Postage, Mailing Service	336	548
Travel	-	6,506
Total operating expenses	29,175	63,567
Operating income	75,847	31,325
Nonoperating revenues (expenses)		
Transfer to restricted	29,824	(29,500)
Contributions to the Florida A&M University athletic department	(46,456)	(35,517)
Allocation of earnings from Life Membership endowment at the Florida A&M University Foundation, Inc.	2,285	2,285
	(14,348)	(62,733)
Income (loss) before contributions for permanent endowments	61,499	(31,408)
Contributions from donors for permanent endowments	10,402	58,921
Increase (decrease) in net position	71,901	27,513
Net position, beginning of year	118,640	91,127
Net position, end of year	190,541	118,640

The accompanying notes are an integral part of these financial statements.

FAMU RATTLER BOOSTERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Cash received from members and contributors	100,853	91,991
Payments for services and to vendors	(29,175)	(63,567)
Net cash provided by operating activities	<u>71,677</u>	<u>28,425</u>
Cash flows from investing activities		
Allocation of earnings from Life Membership endowment at the Florida A&M	-	2,285
Net cash provided by investing activities	<u>-</u>	<u>2,285</u>
Cash flows from capital and related financing activities		
Cash flows from noncapital financing activities		
Contributions to the Florida A&M University athletic department	(46,456)	(35,517)
Receipts from contributors for permanent endowments	11,827	-
Net cash provided by noncapital financing activities	<u>(34,629)</u>	<u>(35,517)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,770	(5,086)
CASH AND CASH EQUIVALENTS, beginning of the year	13,087	18,173
CASH AND CASH EQUIVALENTS, end of the year	<u>49,857</u>	<u>13,087</u>
Reconciliation of operating income to net cash provided /(used) by operating activities		
Operating income	75,847	31,325
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Changes in assets and liabilities		
Pledges Receivable	(4,170)	(2,900)
Net cash provided by operating activities	<u>71,677</u>	<u>28,425</u>

The accompanying notes are an integral part of these financial statements.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

1. NATURE OF THE ORGANIZATION

Florida A & M University Rattler Boosters, Inc. (“Rattler Boosters”) is a non-profit organization that provides financial support to the student-athletes representing Florida A&M University (University). The Rattler Boosters seeks to enrich the educational experience of each student-athlete by generating substantial financial contributions through annual Rattler Booster memberships. These contributions significantly lend to the growth and stability of the Athletics Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As a component unit of the University, the Rattler Boosters prepares its financial statements according to the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. This Statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No.

34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*. These standards require public institutions to present management’s discussion and analysis (MD&A), basic financial statements, and notes to the financial statements, and required supplementary information other than MD&A.

The standards require the classification of net position into three components defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted for permanent endowments – This component represents the net position of the Rattler Boosters which is restricted by constraints placed on the use by external groups such as creditors, grantors, contributors or laws and regulations. The Rattler Boosters had restricted net position of \$140,685 and \$101,383 as of June 30, 2021 and 2020, respectively.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Reporting Entity

In defining the Rattler Boosters for financial reporting purposes, management has applied the requirements of *Governmental Accounting Standards Board Statement (GASB) No. 14, the Financial Reporting Entity and GASB No. 61, the Financial Reporting Entity, Omnibus*. These statements establish the basis for the reporting entity and whether it is considered a component unit of another entity. The Rattler Boosters would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and (1) is able to impose its will on the potential component unit and/or (2) is fiscally dependent and is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden relationship, regardless of whether the entity appoints the voting majority of the potential component unit’s board. The Rattler Boosters is a direct support organization of the University and has met all of the financial accountability criteria necessary to be considered a component unit of the University.

The Florida legislature passed and the governor signed into law Chapter 2018-004, Laws of Florida, a provision that changed Section 1004.28, Florida Statutes, which addresses university direct support organizations. With this change, the University Board of Trustees will have to approve all DSO board members, and the University will now have control of the board of the DSO. Management has evaluated this change and is reporting the financial statements of the Rattler Boosters under the GASB model.

Measurement Focus and Basis of Accounting

The Rattler Boosters is presented as a component unit of the University. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of the related cash flows. Revenues, expenses, income, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

As set forth in the bylaws of the articles of organization, the Rattler Boosters adopts an annual budget for all revenues and expenses which the Board of Directors approves. This budget must then be approved by the President of the University and sent to the University Board of Trustees for review and final approval.

Revenue Recognition

Life memberships are recognized as revenue committed and unpaid memberships are recorded as life memberships receivable net of an allowance for doubtful accounts. Annual memberships are recognized as revenue when received.

Investments

The Rattler Boosters' long-term investments are reported at fair value using quoted market prices of other fair value techniques, including net asset value, as required by GASB Statement No. 72, *Fair Value Measurement and Valuation*.

The following are required risk disclosures applicable to the Rattler Boosters' investments:

Credit Risk — Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Rattler Boosters' investments are held by the Florida A&M University Foundation, Inc. (the "Foundation") and follows the policies of the Foundation with regards to credit risk.

Concentration of Credit Risk – The Rattler Boosters maintains a cash account with a financial institution that qualifies as a public depository pursuant to Chapter 280, Florida Statutes. A qualified public depository has a branch office(s) authorized to receive deposits in Florida, maintains FDIC deposit insurance, meets the specific statutory requirements of Section 280.17, Florida Statutes, and has been approved by the Florida Treasury's Bureau of Collateral Management to accept public funds for deposit. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. 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. When necessary, assessments may also be made against other qualified public depositories of the same type as the depository in default.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk — Custodial credit risk exists when, in the event of a bank failure, the Rattler Boosters's deposits may not be returned to it. The Rattler Boosters's policy in regards to custodial credit risk is to maintain deposits in qualified public depositories pursuant to Chapter 280, Florida Statutes, and, accordingly, are entirely insured by federal depository insurance or collateralized pursuant to the Florida Security for Public Deposits Act. The Rattler Boosters' investments are held by the Foundation and follow the policies of the Foundation in regards to custodial credit risk.

Interest Rate Risk — Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Rattler Boosters's investments are held by the Foundation and follows the policies of the Foundation with regards to interest rate risk.

Capital Assets

Capital assets (\$1,000 and over) are recorded at cost, less accumulated depreciation, computed on the straight-line basis. These assets are depreciated over their estimated useful lives, ranging from five to forty years depending on the asset class. The organization's capital assets at June 20, 2021 and June 30, 2020, were fully depreciated and are as follows:

Office equipment	\$ 28,946
Transportation equipment	<u>10,738</u>
Fixed assets, at cost	39,684
Accumulated depreciation	<u>(39,684)</u>
Total	\$ -

Depreciation expense for fiscal year ended June 30, 2021, and June 30, 2020, was \$0.

Income Taxes

The Rattler Boosters is a nonprofit corporation which is generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Activities which constitute a trade or business, that are regularly carried on and not substantially related to the Rattler Boosters exempt purpose, may be considered unrelated business income activities under Section 511(a) of the Internal Revenue Code and subject to income tax. The Rattler Boosters had no unrelated business income tax expense for the years ended June 30, 2021, and June 30, 2020, respectively.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Facilities

The Rattler Boosters is provided the use of office space by the University. Contributions with reasonably determinable fair values have been included in revenues as in-kind contributions.

Operating Revenues and Expenses

The Statement of Revenues, Expenses and Changes in Net Position distinguishes between operating and non-operating revenues. For this purpose, operating revenues, such as dues and memberships, result from exchange transactions associated with the principle activities of the Rattler Boosters. Exchange transactions are those in which each party to the transaction receives or gives up essentially equal values. In-kind contributions from the University are considered operating revenues as they directly offset certain operating expenses. Operating expenses include the cost of membership services and administration. Non-operating revenues arise from exchange transactions not associated with the Rattler Boosters principle activities, such as contributions and investment income.

Management Estimates

The preparation of financial statements in conformity 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.

Recent Accounting Pronouncements

The GASB has issued new accounting guidance or modifications to, or interpretations of, existing accounting guidance. The Rattler Boosters has considered the new un-adopted guidance and does not believe that any other new or modified guidance will have a material impact on the Rattler Boosters' reported financial position or activities in the near term.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The Rattler Boosters maintains its cash accounts with the Foundation. There were no uninsured amounts as of June 30,

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

3. CASH AND CASH EQUIVALENTS (continued)

2021 and 2020, respectively. Cash balances were \$49,857 and \$13,087 as of June 30, 2021 and 2020, respectively.

4. LIFE MEMBERSHIP ENDOWMENT HELD BY FAMU FOUNDATION

The Rattler Roosters established the Life Membership Endowment to provide support for general operations and financial stability of the organization. The endowment is administered and invested by the Foundation. As of June 30, 2021, and 2020, endowment balances totaled \$140,685 and \$101,383, respectively.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Rattler Boosters, through an agreement with the Foundation, invests its surplus funds in the long-term investment portfolio of the Foundation with the intent of achieving the highest possible return. The Foundation diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies and investment managers. Key decisions in this regard are made by the Foundation's Investment Committee, which has oversight responsibility for the Foundation's investment program. The Foundation's

Investment Committee identifies appropriate asset categories for investments, determines the allocation of assets to each category, and approves the investment strategies employed.

The Rattler Boosters prepares its financial statements according to the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. 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.

In determining the fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

The Rattler Boosters categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are disclosed in one of the following three categories:

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the asset;
- Level 3 inputs are significant unobservable inputs. The Rattler Boosters has no investments valued using level 3 inputs.

All transfers between fair value hierarchy levels are recognized by the Foundation at the end of each reporting period. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investment in those instruments.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Corporate stocks and commingled funds (equities and fixed income) – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Mutual Funds/Short-term investments – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Corporate bonds and government issues (domestic and foreign) – Investments classified as Level 1 are based on quoted market prices from independent pricing vendors.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments classified as Level 2 are based upon independent pricing models or other model-based valuation techniques, such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors. Other factors may include items, such as credit loss assumptions.

Hedge Funds and Real Estate Funds – Valued at the net asset value of the units held by the Foundation at year end, as reported by the investment manager.

Limited Partnerships – Investments in limited partnerships for which there is no readily determinable fair value are classified as Level 3, as the valuation is based on significant unobservable inputs. To estimate fair value, the Foundation uses the net asset value of the limited partnerships.

Real Estate Property – Valued at cost plus improvements and allocated 15% to fixed assets and 85% to investments. To provide net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation's risk with respect to this property is mitigated by the Foundation's general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Rattler Boosters' proportionate share of the Foundation's investments by level, within the fair value hierarchy as of June 30, 2021, is summarized as follows:

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Description	Quoted Prices on Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Real Estate Funds	-	-	-	-
Common Stocks	25,056	-	-	25,056
Commingled Funds	-	75,976	-	75,976
Corporate Bonds	2,209	-	-	2,209
U.S. Government Securities	4,436	2,753	-	7,189
Real Estate Property	-	1,239	-	1,239
Hedge Funds	-	5,067	-	5,067
Cash/Money Market Funds	1,351	-	-	1,351
Accrued Interest/Unsettled Transactions	79	-	-	79
Total assets in the fair value hierarchy	33,131	85,034	-	118,165
Investments measured at net asset value	-	-	22,520	22,520
Total Investments at fair value	33,131	85,034	22,520	140,685

The following is a description of the significant investment strategies of each major category of investments that calculate net asset value per share and are not in an active market (Level 3 measurements):

Hedge Funds, Fund of Funds and Limited Partnership Funds- To provide capital appreciation and generate high returns at reduced risk through aggressively managed portfolio of investments using advanced investment strategies.

Real Estate Funds – To provide capital appreciation and generate high returns through a professionally managed private Real Estate Investment Trust portfolio that approximates the investment risks and returns for private commercial real estate.

Real Estate Property – To provide net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation’s risk with respect to this property is mitigated by the Foundation’s general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

While these financial instruments may contain varying degrees of risk, the Foundation’s risk with respect to such transactions is limited to its capital balance in

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

each investment. The financial statements of the investees are audited annually by independent auditors.

The following table discloses all investments whose value is calculated using NAV (or its equivalent), as a practical expedient for funds held at June 30, 2021.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>Commingled Funds</u>				
Credit	5,754		Monthly	90 days
Diversified strategy	5,438		Quarterly	60 days
<u>Limited partnerships</u>				
Venture capital	2,462	1,356	Duration of Partnership	N/A
Private equity	2,878	4,148	Duration of Partnership	N/A
Private credit	2,399	785	Duration of Partnership	N/A
<u>Real assets</u>				
Real Estate Fund	3,474		Quarterly	45 - 90 days
Real Estate Fund	113		Duration of Partnership	N/A
Total investments	<u>22,520</u>	<u>6,290</u>		

6. LIQUIDITY OF CURRENT ASSETS

The Organization's endowment funds consist of donor restricted lifetime memberships to be permanently invested in the fund. Life membership receivables are unconditional promises to give as a result of installment payments on life memberships, therefore once received it is not available for general expenditure.

The Organization's financial assets available within one-year of June 30, 2021, for general expenditure are as follows:

Cash and Cash Equivalents	\$ 49,857
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The organization relies predominantly on cash and cash equivalents as its general expenditures, liabilities, and other obligations come due.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

7. IN-KIND DONATIONS

The University, which is a related organization, provides support to the Rattler Boosters in the form of contributed facilities. The Rattler Boosters occupies approximately 200 square feet of office space and utilizes telecommunication services in Tallahassee, Florida, the use of which is provided without charge by the University. The rental value of the facilities was estimated based on current rental rates for comparable properties in the area. In-kind contributions are valued at fair value at the date of the donation.

In-kind contributions of \$5,760 have been recognized as revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021, and June 30, 2020.

8. CASH HELD IN TRUST

FAMU Foundation, Inc. (the "Foundation"), an related entity, holds funds in trust for the Rattler Boosters for collections made on behalf of the Rattler Boosters. In the current fiscal year, members of the Rattler Boosters made payments for member's contribution and payment into the members' lifetime endowment fund. The uses of the members' lifetime endowment fund is permanently restricted (**see Note 12**).

The balance on the endowment fund at June 30, 2021 and 2020 was \$140,685 and \$101,593, respectively and is classified as net position, restricted for permanent endowments on the Statement of Net Position.

9. SUPPORT TO ATHLETIC PROGRAMS

During the fiscal year ended June 30, 2021 and 2020, the Rattler Boosters provided direct support of \$46,456 and \$35,517, respectively. The support included amounts paid to or on behalf of FAMU's athletic department.

10. DONATED EQUIPMENT AND FACILITIES

The Rattler Boosters is provided office space and telecommunication services (occupancy) by the Foundation. The estimated fair market value of the occupancy is approximately \$480 per month.

FAMU RATTLER BOOSTERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 and JUNE 30, 2020

11. MEMBERS' ENDOWMENT FUND

The Rattler Boosters have a lifetime membership endowment fund. Each member has the option to pay \$750 into the fund. The members' lifetime endowment fund is permanently restricted, and the earnings are temporarily restricted for the payment of future membership dues and members' expenses. The balance of the endowment fund at June 30, 2021 and June 30, 2020 was \$140,685 and \$101,383, respectively.

12. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. We have evaluated subsequent events through the issuance date of the audit report, October 8, 2021, and there were no subsequent events to be disclosed but did identify one matter for disclosure in Note 14.

13. OTHER MATTERS

In late 2019, a novel strain of coronavirus was reported in Wuhan, Hubei, China. The World Health Organization determined the resulting outbreak of COVID-19, the disease caused by this novel coronavirus, to be a pandemic. The pandemic is disrupting organizations worldwide as national and local governments implement measures intended to slow the spread of COVID-19. The Organization is currently evaluating new ways to accomplish its mission while practicing social distancing and considering the effect the pandemic will have on its financial performance. The extent of the impact of COVID-19 on the Organization's operations and its financial performance will depend on certain developments outside of the Organization's control, including the duration and spread of the outbreak; its impact on donors and employees; and broader economic conditions, all of which are uncertain and cannot be predicted at this time.

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*

Independent Auditor's Report

To the Board of Directors of
FAMU Rattler Boosters, Inc.

We have audited, in accordance with the 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 FAMU Rattler Boosters, Inc., (a nonprofit organization), which comprise the statement of net position as of June 30, 2021 and June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FAMU Rattler Boosters' internal control over financial reporting (internal control) as a basis for designing the 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 FAMU Rattler Boosters' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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 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 FAMU Rattler Boosters' 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grayson Accounting & Consulting, P.A.

Tallahassee, Florida
October 8, 2021