

**UNIVERSITY OF NORTH FLORIDA
FOUNDATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
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JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
University of North Florida Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of North Florida Foundation, Inc. (the "Foundation"), a direct support organization and component unit of the University of North Florida, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Foundation's 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Foundation as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, 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.

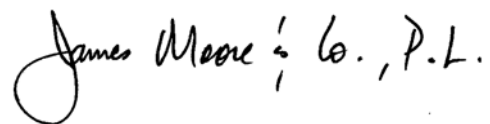
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2021, as required by Chapter 10.650, Rules of the Auditor General, State of Florida, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, on our consideration of the Foundation'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 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 Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
September 10, 2021

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Overview of the Financial Statements and Financial Analysis

University of North Florida Foundation, Inc. (the “Foundation”) presents financial statements as of and for the years ended June 30, 2021 and 2020. The Foundation exists for the sole purpose of providing financial support to students and programs of the University of North Florida (the “University”) and is a direct support organization and component unit of the University (a governmental agency).

The Foundation’s financial statements are presented on an accrual basis, including the recording of depreciation, which includes 1) assets and liabilities as current and non-current; 2) revenues and expenses as operating and non-operating; 3) the use of the direct method of statement of cash flows; 4) a management’s discussion and analysis (“MD&A”) of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

The financial statement report includes the following:

1. Basic financial statements
 - a. Statements of Net Position
 - b. Statements of Revenues, Expenses, and Changes in Net Position
 - c. Statements of Cash Flows
 - d. Statements of Fiduciary Net Position
 - e. Statements of Changes in Fiduciary Net Position
 - f. Notes to the Financial Statements
2. Supplementary schedules
 - a. Schedule of Expenditures of State Financial Assistance

Financial Highlights

2021

- *2021 Fundraising.* In fiscal 2021, the Foundation recorded a total of \$8.398 million in contributions, which included endowment contributions of \$1.496 million.
- The Foundation had \$5.129 million restricted pledges receivable that have been discounted to present value, and adjusted for allowance for doubtful accounts, to a net balance of \$4.917 million, which is recorded on the Statement of Net Position.
- The 2021 annual *Foundation Board Drive* raised \$274,303. Funds raised during this drive are unrestricted and used for the Foundation’s Board projects, Presidential Lecture Series, board operations and other board approved initiatives.
- *Student academic support.* In fiscal 2021 \$3.082 million was provided to 1,031 students in scholarships, fellowships, and study abroad programs.
- *First Generation Matching Grant Program* provided additional scholarship funding. Approved by the Florida Legislature, the program provides State matching funds for the gifts received by the Foundation for the program. In fiscal 2021, the Foundation received an allotment of \$212,742 in gifts with a State match of twice the amount. The total available for first generation scholarship funding was \$638,225. There were an additional 346 students awarded scholarships from this program. The primary focus of this program is to provide scholarship opportunities to students who are the first-generation college students in their family. Other student criterion includes admittance of the University, attending at least six credit hours per semester at a state university and demonstrated financial need.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *The Foundation* continued to manage the loan agreement with the UNF Financing Corporation, Inc. (December 2014) for the East Park Warehouse renovations. The loan has a 10-year term with an interest rate of 3.00% and quarterly note payments of \$34,849, which are current at year-end.
- *Capital Assets.* In November 2015, the Athletics Department purchased a scoreboard and scoring table for the Athletics Arena. Total cost was \$700,000. In October 2017, the contract was revised to include a baseball scoring system, which totaled \$329,500. The total for the two scoring systems was \$1,029,500. The contract was revised to a four (4) year term that includes both systems. The last payment of \$150,833 was made in fiscal year 2021. In January 2020 a third revision was made to include additional scoring tables, a digital Hall of Fame touchscreen, and a Volleyball scoreboard. These additional items total \$105,446 and will be paid in August 2021.
- *Foundation Investments.* In fiscal 2021, the endowed investments and restricted cash and cash equivalents increased by approximately \$28.714 million. This can be attributed to an increase in the market value of the endowed investments. The non-endowed net investment earnings totaled approximately \$263,000, which is a decrease of approximately \$486,000. This is a result of decrease in the bond market.
- *Net Position increased* to \$180.626 million in fiscal 2021, an increase of approximately \$30.566 million or 20.4% over fiscal 2020. This increase includes operating revenue of \$39.411 million, operating expenses of \$10.342 million, and contributions to permanent endowments of \$1.497 million.

2020

- *2020 Fundraising.* In fiscal 2020, the Foundation recorded a total of \$6.969 million in contributions, which included endowment contributions of \$1.169 million.
- The Foundation had \$4.035 million restricted pledges receivable that have been discounted to present value, and adjusted for allowance for doubtful accounts, to a net balance of \$3.894 million, which is recorded on the Statement of Net Position.
- The 2020 annual *Foundation Board Drive* raised \$282,385. Funds raised during this drive are unrestricted and used for the Foundation's Board projects, Presidential Lecture Series, board operations and other board approved initiatives.
- *Student academic support.* In fiscal 2020, \$3.045 million was provided to 1,354 students in scholarships, fellowships and study abroad programs.
- *First Generation Matching Grant Program* provided additional scholarship funding. Approved by the Florida Legislature, the program provides State matching funds for the gifts received by the Foundation for the program. In fiscal 2020, the Foundation received an allotment of \$210,303 in gifts with a State match of twice the amount. The total available for first generation scholarship funding was \$630,909. There were an additional 333 students awarded scholarships from this program. The primary focus of this program is to provide scholarship opportunities to students who are the first-generation college students in their family. Other student criterion includes admittance of the University, attending at least six credit hours per semester at a state university and demonstrated financial need.
- *The Foundation* continued to manage the loan agreement with the UNF Financing Corporation, Inc. (December 2014) for the East Park Warehouse renovations. The loan has a 10-year term with an interest rate of 3.00% and quarterly note payments of \$34,849, which are current at year-end.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *Capital Assets.* In November 2015, the Athletics Department purchased a scoreboard and scoring table for the Athletics Arena. Total cost was \$700,000. In October 2017, the contract was revised to include a baseball scoring system, which totaled \$329,500. The total for the two scoring systems was \$1,029,500. The contract was revised to a four (4) year term that includes both systems. Payments totaling \$150,833 were made in fiscal year 2020.
- *Foundation Investments.* In fiscal 2020, the endowed investments and restricted cash and cash equivalents decreased by approximately \$3.454 million. The non-endowed net investment earnings totaled approximately \$749,000.
- *Net Position increased* to \$150.06 million in fiscal 2020, an increase of approximately \$2.473 million or 1.7% over fiscal 2019. This increase includes operating revenue of \$11.396 million, operating expenses of \$10.092 million, and contributions to permanent endowments of \$1.619 million.

Statements of Net Position

The purpose of the Statement of Net Position is to present the reader with a look at the Foundation's financial condition as of the end of the fiscal year. In reading the Statement of Net Position, the reader will be able to determine the Foundation's ability to continue operations; how much it owes to vendors, and lending institutions; and to see a snapshot of the assets that are available to pay the expenditures of the Foundation.

Condensed Summary of Net Position
(In thousands of dollars)

	2021	2020	Increase (decrease)	Change	2019	Increase (decrease)	Change
Assets							
Current assets	\$ 8,088	\$ 5,857	\$ 2,231	38.1%	\$ 1,694	\$ 4,163	245.7%
Non-current assets	172,822	144,534	28,288	19.6%	147,935	(3,401)	-2.3%
Total assets	<u>\$ 180,910</u>	<u>\$ 150,391</u>	<u>\$ 30,519</u>	<u>20.3%</u>	<u>\$ 149,629</u>	<u>\$ 762</u>	<u>0.5%</u>
Liabilities:							
Current liabilities	\$ 284	\$ 331	\$ (47)	-14.2%	\$ 453	\$ (122)	-26.9%
Non-current liabilities	-	-	-	0.0%	1,589	(1,589)	-100.0%
Total liabilities	<u>284</u>	<u>331</u>	<u>(47)</u>	<u>-14.2%</u>	<u>2,042</u>	<u>(1,711)</u>	<u>-83.8%</u>
Net position:							
Restricted:							
Restricted by donors - expendable	27,742	23,401	4,341	18.6%	21,609	1,792	8.3%
Permanent endowments - nonexpendable	141,106	115,066	26,040	22.6%	114,748	318	0.3%
Net investment in capital assets	9,716	9,692	24	0.2%	9,643	49	0.5%
Unrestricted	2,062	1,901	161	8.5%	1,587	314	19.8%
Total net position	<u>180,626</u>	<u>150,060</u>	<u>30,566</u>	<u>20.4%</u>	<u>147,587</u>	<u>2,473</u>	<u>1.7%</u>
Total liabilities and net position	<u>\$ 180,910</u>	<u>\$ 150,391</u>	<u>\$ 30,519</u>	<u>20.3%</u>	<u>\$ 149,629</u>	<u>\$ 762</u>	<u>0.5%</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

The Statements of Net Position are presented as part of the basic financial statements. For fiscal year ended June 30, 2021, the total net position increased by \$30.566 million or 20.4%. This year's activity included the following:

Current Assets

2021

- *Current assets* totaled \$8.088 million, which is an increase of approximately \$2.231 million or 38.1%. The majority of this increase, \$1.074 million, is attributed to the increase in the spending allocation, which was requested from Agility in June 2021 and the current portion of the TSI note receivable of \$919,000.
- *Cash* totaled \$5.208 million. This is an increase of approximately \$1.074 million, or 26%, again attributed to the FY22 spending allocation as discussed above.
- *Pledges receivable, current portion* totaled \$1.804 million, an increase of approximately \$232,026, or 14.8%.
- *Note receivable, current portion* totaled \$1.046 million, an increase of \$923,000 or 749%. The TSI note receivable payment schedule was accelerated, monthly payments will increase in August 2021.
- *Prepaid expenses* totaled \$29,297, an increase of \$2,727, or 10.3%.

2020

- *Current assets* totaled \$5.857 million, which is an increase of approximately \$4.163 million or 245.7%. The majority of this increase, \$4.070 million, is attributed to the withdrawal from the endowment for the FY21 spending allocation being deposited into cash instead of restricted cash as it had in prior years. The \$4.070 million was transferred to restricted cash on July 1, 2020.
- *Cash* totaled \$4.135 million. This is an increase of approximately \$3.917 million, or 1803.8%, again attributed to the FY21 spending allocation as discussed above.
- *Pledges receivable, current portion* totaled \$1.573 million, an increase of approximately \$206,000, or 15.0%.
- *Note receivable, current portion* totaled \$123,193, an increase of \$34,000 or 37.9%. In FY20, 4 quarterly payments were classified as current whereas in past years only 3 quarterly payments were classified as current.
- *Prepaid expenses* totaled \$26,570, an increase of approximately \$6,000, or 29.5%.

Non-current assets

2021

- *Non-current assets* totaled \$172.822 million, which is an increase of approximately \$28.288 million, or 19.6%. This increase is primarily due to an increase in the market value of the endowed investments.
- *Foundation investments (including restricted cash and cash equivalents)* totaled \$155.394 million, a net increase of approximately \$28.714 million or 22.7%. Restricted investments increased approximately \$28.644 million, which is the majority of the net change.
- *Notes receivable.* UNF Training & Service Institute, Inc. has a current line of credit for \$4.800 million at an interest rate of 4.5%, which is paid monthly. The funds were used to assist in the purchase of the ADT property in 2010. The terms of the loan require payment in full by the eleventh anniversary of

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

the date of the advance. In August 2016, UNF Training & Service Institute, Inc. began paying down the principal. In FY21, the payment schedule was amended and accelerated, the note receivable is now scheduled to be paid in full in July 2025. At June 30, 2021, the balance totaled \$4,446,000.

The UNF Financing Corporation, Inc. executed a \$1.2 million loan with the Foundation in December 2014 to assist with the renovation of the UNF East Park Warehouse building. The terms are 10 years at an interest rate of 3.0%. The non-current portion totaled \$334,500 at June 30, 2021.

- *Pledges receivable.* The non-current portion totaled \$3.112 million, an increase of approximately \$790,000 or 34%.
- *Capital Assets.* In November 2015, the Foundation financed \$700,000 in connection with the purchase of a scoreboard and score table equipment in the UNF Arena. In October 2017, an additional athletic scoring system was purchased for \$329,500 and the contract was revised to include both systems. In January 2020, a third revision was made to include additional scoring tables, a digital Hall of Fame touchscreen, and a Volleyball scoreboard. These additional items total \$105,446 and will be paid in August 2021. At June 30, 2021, capital assets net of depreciation totaled \$590,922.
- *Other assets* totaling \$632,989 consists of interest receivable from UNF Training & Services Institute, Inc. and a planned gift insurance policy.

2020

- *Non-current assets* totaled \$144.534 million, which is a decrease of approximately \$3.401 million, or 2.3%.
- *Foundation investments (including restricted cash and cash equivalents)* totaled \$126.680 million, a net decrease of approximately \$3.454 million or 2.7%. Restricted investments increased approximately \$589,000 and restricted cash and cash equivalents decreased approximately \$4.04 million.
- *Notes receivable.* UNF Training & Service Institute, Inc. has a current line of credit for \$4.800 million at an interest rate of 4.5%, which is paid monthly. The funds were used to assist in the purchase of the ADT property in 2010. The terms of the loan require payment in full by the eleventh anniversary of the date of the advance. In August 2016, UNF Training & Service Institute, Inc. began paying down the principal. At June 30, 2020, the balance totaled \$4,518,000.
- The UNF Financing Corporation, Inc. executed a \$1.2 million loan with the Foundation in December 2014 to assist with the renovation of the UNF East Park Warehouse building. The terms are 10 years at an interest rate of 3.0%. The non-current portion totaled \$461,441 at June 30, 2020.
- *Pledges receivable.* The non-current portion totaled \$2.322 million, an increase of approximately \$462,000, or 24.8%.
- *Capital Assets.* In November 2015, the Foundation financed \$700,000 in connection with the purchase of a scoreboard and score table equipment in the UNF Arena. In October 2017, an additional athletic scoring system was purchased for \$329,500 and the contract was revised to include both systems. At June 30, 2020, capital assets net of depreciation totaled \$612,221.
- *Other assets* totaling \$710,196 consists of interest receivable from UNF Training & Services Institute, Inc. and a planned gift insurance policy.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Liabilities

2021

- *Current liabilities* totaled \$284,296, a decrease of 14.2%. The current liabilities include accounts payable and accrued expenses, salaries payable, annuities payable, and notes payable. The net decrease is primarily due to the note payable decrease of approximately \$45,000.
- *Non-current liabilities* totaled zero after implementing GASB 84 and its effect on the MOCA Art for both FY20 and FY21.

2020

- *Current liabilities* totaled \$330,757, a decrease of 27%. The net decrease is related to the increase in accounts payable and accrued expenses of approximately \$1,500 and a decrease in salaries payable of approximately \$124,000. The current portion of the note payable for the scoreboard is \$150,833, the same as prior year.
- *Non-current liabilities* totaled zero, a decrease of approximately \$1.589 million or 100% after implementing GASB 84 and its effect on the MOCA Art endowment of \$1.432 million. The remaining decrease was related to the paydown of the long-term portion of the note payable to NEVCO for the two scoring systems and there is no non-current portion left of the note payable.

Net Position

The net position at June 30, 2021, totaled \$180.625 million, an increase of approximately \$30.566 million or 20.4%.

The net position section of the Statement of Net Position provides two classifications:

1. The restricted assets are listed in three categories:
 - a) the restricted by donor's category represents amounts which are available for spending in accordance with the donor's specified criteria.
 - b) the restricted for gift annuity represents the estimated net amount available for future payments by the Foundation; and
 - c) the permanent endowments category represents the Foundation's restricted nonexpendable funds, which are required to be held in perpetuity.
2. The unrestricted assets are the amounts available to the Foundation for any purpose in support of its mission.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to provide the details of the Foundation's operating and non-operating activities for the fiscal year. This includes the revenues (net of discounts and allowances) displayed by major source, expenses, and gains and losses received or incurred by the Foundation. For fiscal year 2021, the Statements of Revenues, Expenses, and Changes in Net Position reflect a \$30.566 million increase in net position or 20.4%.

Condensed Summary of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2021

	2021	2020	Increase (decrease)	Change	2019	Increase (decrease)	Change
Operating revenues:							
Contributions	\$ 8,398	\$ 6,968	\$ 1,430	20.5%	\$ 6,643	\$ 325	4.9%
Programs	455	789	(334)	-42.3%	822	(33)	-4.0%
Investment earnings	36,815	3,638	33,177	912.0%	6,612	(2,974)	-45.0%
Total operating revenues	45,668	11,395	34,273	300.8%	14,077	(2,682)	-19.1%
Operating expenses	10,342	10,092	250	2.5%	10,724	(632)	-5.9%
Operating gain	35,326	1,303	34,023	2611.1%	3,353	(2,050)	-61.1%
Non-operating revenue (expenses):							
Transfer of endowment to MOCA	(6,257)	-	(6,257)	-100.0%	-	-	0.0%
Contributions to permanent endowments	1,497	1,169	328	28.1%	2,785	(1,616)	58.0%
Other Income	-	-	-	0.0%	450	(450)	100.0%
Non-operating income (loss)	(4,760)	1,169	(5,929)	-507.2%	3,235	(2,066)	-63.9%
Change in net position	30,566	2,472	28,094	1136.5%	6,588	(4,116)	62.5%
Net position, beginning of year	150,059	147,587	2,472	1.7%	140,999	6,588	4.7%
Net position, end of year	\$ 180,625	\$ 150,059	\$ 30,566	20.4%	\$ 147,587	\$ 2,472	1.7%

The Statements of Revenues, Expenses, and Changes in Net Position include the following categories:

- Operating revenues are revenues received from donors (i.e. contributions, etc.) and services provided (i.e. workshops, lecture series, special events, etc.) to various customers and constituents of the Foundation.
- Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Foundation. They are detailed by expenditure type, which include educational items, program and professional fees, scholarships, fellowships, study abroad, etc.
- Net operating gain represents the amount of operating revenue in excess of the year's operating expenses and does not include non-operating revenue (expenses).
- Non-operating revenue is received from sources for which no service is provided by the Foundation, e.g. investments.
- Additions to endowments represent contributions received for the permanent endowments.
- The change in net position is the result of the fiscal year's excess (deficiency) of revenues over expenses, which is also the difference in total net position on the Statements of Net Position.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)

The Statements of Revenues, Expenses and Changes in Net Position presented as part of the basic financial statements. For fiscal year 2021, the Foundation's change in net position before contributions to endowments was approximately \$29.069 million. The Statements' highlights are as follows:

Operating Revenues

2021

- *Operating revenues* totaled \$39.411 million, an increase of approximately \$28.016 million or 245.9%.
- *The non-endowed contributions* totaled \$8.398 million, which is an increase of approximately \$1.430 million or 20.5%. Contributions shown under Operating Revenues are exclusive of the contributions to permanent endowments.
- *Program revenues* totaled \$455,484, a decrease of approximately \$334,000 or 42.3%. The decrease is primarily attributed to less sponsorship monies received in FY21 of \$306,868.
- *Investment earnings* totaled \$36.815 million net gain. Investment earnings include interest and dividends and net appreciation (depreciation) in investments. The endowed funds are managed by Perella Weinberg Partners /Agility Comprehensive Solutions.

2020

- *Operating revenues* totaled \$11.395 million, a decrease of approximately \$2.682 million or 19.1%.
- *The non-endowed contributions* totaled \$6.968 million, which is an increase of approximately \$325,000 or 4.9%. Contributions shown under Operating Revenues are exclusive of the contributions to permanent endowments.
- *Program revenues* totaled \$788,821, a decrease of approximately \$33,000 or 4.0%. The decrease is primarily attributed to less non-gift monies received in FY20 of \$78,000 an increase in sponsorship and other revenue of \$45,000.
- *Investment earnings* totaled \$3.638 million net gain. Investment earnings include interest and dividends of \$565,000 and net appreciation (depreciation) in investments of \$3.073 million. The endowed funds are managed by Perella Weinberg Partners /Agility Comprehensive Solutions.

Operating Expenses

2021

Operating expenses totaled \$10.342 million, which is an increase of approximately \$250,000 or 2.5%. The following details several expense categories:

- *Education Programs* totaled \$1.422 million, a decrease of approximately \$221,000 or 13.4%.
- *Scholarships, Fellowships and Study Abroad.* The Foundation disbursed \$3.082 million to the University for educational support to students. This is a decrease of approximately \$173,000 or 5.3%. The amounts disbursed by category:

	Amount
Scholarships	\$ 2,582,360
Fellowships	274,835
Study Abroad	12,158
First Generation	212,742
	\$ 3,082,095

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

- *Program fees* totaled \$4.479 million, an increase of approximately \$469,000 or 11.7%. The net increase is primarily due to the amount paid to University departments for their services.
- *Professional Fees* totaled \$460,064, an increase of approximately \$166,824 or 56.9%. The increase represents the expenses associated with the consultants, training, and workshop facilitator fees.
- *General and administrative expenses* totaled \$899,021, an increase of approximately \$8,000 or .9%. These expenses are unrestricted operational expenses.

2020

Operating expenses totaled \$10.092 million, which is a decrease of approximately \$632,000 or 5.9%. The following details several expense categories:

- *Education Programs* totaled \$1.643 million, a decrease of approximately \$1.104 million or 3.0%.
- *Scholarships, Fellowships and Study Abroad*. The Foundation disbursed \$3.256 million to the University for educational support to students. This is an increase of approximately \$103,000 or 3.3%. The amounts disbursed by category:

	<u>Amount</u>
Scholarships	\$ 2,622,482
Fellowships	335,178
Study Abroad	87,570
First Generation	210,303
	<u>\$ 3,255,533</u>

- *Program fees* totaled \$4.009 million, an increase of approximately \$138,000 or 3.6%. The net increase is primarily due to an increase in the number of University employees paid with Foundation funds and an increase in salary supplements offset by a decrease in amounts paid for personal service contracts.
- *Professional Fees* totaled \$293,240, an increase of approximately \$59,000 or 25.0%. The increase represents the expenses associated with the consultants, training and workshop facilitator fees.
- *General and administrative expenses* totaled \$891,000, a decrease of approximately \$85,000 or 8.7%. These expenses are operational expenses for the unrestricted fund, which include printing, telephone, meeting, travel, public relations, registrations, memberships, annuitants and other fees, etc.

Additions to Endowments

2021

- *Permanent Endowments*. The Foundation received \$1.497 million in donor contributions to its permanent endowments. Of the \$1.497 million, \$525,000 was contributions received in for 5 new permanent endowments.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

2020

- *Permanent Endowments.* The Foundation received \$1.169 million in donor contributions to its permanent endowments. Of the \$1.169 million, \$249,000 was contributions received in for 19 new permanent endowments.

Statements of Cash Flows

The Statements of Cash Flows show the cash provided and used for operating, capital and related financing activities and investing activities.

- Operating activities include funds received (i.e. from private donors, student rentals, parking fees, matching programs, etc.) and payments (i.e. for programs, employee services, and suppliers for goods and services) made for Foundation operations.
- Capital and related financing activities include funds received from donor annuities and contributions to permanent endowments; and funds used to pay annuity payables and a note payable.
- Investing activities represent funds used to purchase investments and loan funds to a related party; and funds received from proceeds of investment sales, interest and dividends.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Foundation, specifically MOCA. Fiduciary funds are not reflected in the Foundation's basic business-type entity financial statements because resources of those funds are not available to support the Foundation's own programs.

Economic Outlook

The Foundation has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

Management believes the Foundation's overall financial position is strong. With detailed monitoring of each account, the Foundation has sufficient funds to cover its obligations.

Requests for Information

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Valerie Stevenson, Controller University of North Florida Foundation Accounting
Hicks Hall, Suite 2900 1 UNF Drive
Jacksonville, FL 32224-2648
(904) 620-2989

THE UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 5,208,150	\$ 4,134,592
Prepaid expenses	29,297	26,570
Notes receivable	1,045,940	123,193
Pledges receivable, net	1,804,627	1,572,601
Total current assets	8,088,014	5,856,956
Noncurrent assets		
Restricted cash and cash equivalents	5,346,417	5,276,398
Investments	150,047,749	121,403,595
Notes receivable	3,861,500	4,979,441
Capital assets, net	9,820,922	9,842,221
Pledges receivable, net	3,112,066	2,321,689
Other assets	632,990	710,196
Total noncurrent assets	172,821,644	144,533,540
Total assets	\$ 180,909,658	\$ 150,390,496
 <u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 149,780	\$ 161,130
Salaries payable - due to UNF	29,070	18,794
Note payable	105,446	150,833
Total current liabilities	284,296	330,757
Total liabilities	\$ 284,296	\$ 330,757
 <u>NET POSITION</u>		
Restricted		
Restricted by donors - expendable	\$ 27,741,671	\$ 23,401,417
Permanent endowments - nonexpendable	141,106,152	115,066,190
Net investment in capital assets	9,715,476	9,691,388
Unrestricted	2,062,062	1,900,744
Total net position	\$ 180,625,361	\$ 150,059,739

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

THE UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Contributions	\$ 8,397,766	\$ 6,968,647
Programs	455,484	788,821
Investment earnings	36,814,686	3,638,099
Total operating revenues	<u>45,667,936</u>	<u>11,395,567</u>
Operating expenses		
Program services:		
Education programs	1,422,327	1,643,232
Scholarships, fellowships and study abroad	3,082,095	3,255,533
	<u>4,504,422</u>	<u>4,898,765</u>
Supporting services:		
Program fees	4,478,611	4,009,233
Professional fees	460,064	293,240
	<u>4,938,675</u>	<u>4,302,473</u>
Other expenses:		
General and administrative expenses	899,021	891,088
Total operating expenses	<u>10,342,118</u>	<u>10,092,326</u>
Operating income	<u>35,325,818</u>	<u>1,303,241</u>
Non-operating income (expense)		
Transfer of endowment to MOCA	(6,256,883)	-
Contributions to permanent endowments	1,496,687	1,169,431
Total non-operating income (expense)	<u>(4,760,196)</u>	<u>1,169,431</u>
Change in net position	30,565,622	2,472,672
Net position , beginning of year, as restated (see Note 11)	150,059,739	147,587,067
Net position , end of year	<u>\$ 180,625,361</u>	<u>\$ 150,059,739</u>

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

THE UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Received from private donors	\$ 7,370,096	\$ 6,299,881
Received from other sources	455,484	788,821
Payments to the University for programs	(4,504,422)	(3,597,484)
Payments to employees for services	(4,811,930)	(3,542,785)
Payments to suppliers for goods and services	(883,584)	(2,983,786)
Net cash used in operating activities	(2,374,356)	(3,035,353)
Cash flows from capital and related financing activities		
Payments on note payable	(150,833)	(150,833)
Cash flows from noncapital and related financing activities		
Contributions to permanent endowments	1,496,687	1,169,431
Cash flows from investing activities		
Purchases of investments	(23,594,363)	(16,668,132)
Proceeds from sales of investments	25,267,046	18,059,829
Interest and dividends received	304,202	307,839
Repayments of related party notes receivable	195,194	191,557
Net cash provided by investing activities	2,172,079	1,891,093
Net increase (decrease) in cash and cash equivalents	1,143,577	(125,662)
Cash and cash equivalents, beginning of year	9,410,990	9,536,652
Cash and cash equivalents, end of year	\$ 10,554,567	\$ 9,410,990
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 35,325,818	\$ 1,303,241
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	126,744	102,950
Change in allowance and discount of pledges receivable	(72,129)	9,576
Investment earnings	(36,814,686)	(3,638,099)
Changes in assets and liabilities:		
Prepaid expenses	(2,724)	(6,058)
Pledges receivable	(950,274)	(677,002)
Other assets	(5,372)	(1,450)
Accounts payable and accrued expenses	18,267	(128,511)
Net cash used in operating activities	\$ (2,374,356)	\$ (3,035,353)
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 5,208,150	\$ 4,134,592
Restricted cash and cash equivalents	5,346,417	5,276,398
Total cash and cash equivalents	\$ 10,554,567	\$ 9,410,990

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Assets		
Investments at fair value	\$ 8,054,339	\$ 1,431,731
Total assets	\$ 8,054,339	\$ 1,431,731
<u>NET POSITION</u>		
Restricted:		
Nonexpendable	\$ 8,054,339	\$ 1,431,731
Total fiduciary net position	\$ 8,054,339	\$ 1,431,731

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Additions		
Investment earnings	\$ 777,419	\$ 42,564
Transfer of endowment from Foundation to MOCA	6,256,883	-
Total additions, net	7,034,301	42,564
Deductions		
Endowment management fees	148,922	30,831
Spending distribution	262,771	17,914
Total deductions	411,693	48,746
Net increase (decrease) in fiduciary net position	6,622,608	(6,182)
Net position , beginning of year, as restated (see Note 11)	1,431,731	1,437,913
Net position - end of year	\$ 8,054,339	\$ 1,431,731

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of the University of North Florida Foundation, Inc. (the Foundation), which affect significant elements of the accompanying basic financial statements.

(a) **Reporting entity**—The Foundation, is a not-for-profit entity organized to provide financial support to the students and programs of the University of North Florida (the “University”). It is a direct support organization (“DSO”) and proprietary fund component unit of the University.

(b) **Basis of accounting**—The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

For financial reporting purposes, the Foundation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Foundation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The net position of the Foundation is reported in three categories as follows:

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt that is attributable to those assets.
- *Restricted net position* represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable restricted net position includes resources in which the Foundation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

- *Unrestricted net position* represents funds that are available without restriction for carrying out the Foundation’s objectives.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation’s policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

In addition to the business type activities noted above, the Foundation accounts for assets that it holds in a fiduciary capacity that it invests and manages for the Museum of Contemporary Arts Jacksonville (MOCA), which accumulates resources annual distributions to MOCA. These funds are accounted for as fiduciary funds in accordance with GASB 84, which was implemented during the year ended June 30, 2021, and retrospectively applied to these financial statements.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Cash and cash equivalents**—For purposes of the statement of cash flows, the Foundation considers cash on hand, cash on deposit, and investments with original maturities of ninety days or less to be cash and cash equivalents.

(d) **Investments**—Investments are stated principally at fair value based on quoted market prices with the exception of the alternative investments (hedge, private equity and other fund investments) which are based on external valuation sources. To the extent investments are held in co-mingled funds, the recorded amount is based on an allocation of the fair value based on the underlying securities of the fund. The Foundation intends to hold its investments for the long term. However, the needs of the Foundation may require the sale of a portion of these assets on a short-term basis, subject to the approval of the Investment Committee.

(e) **Notes receivable**—The notes receivable are stated at the amount the Foundation expects to collect from the outstanding balances. An allowance for uncollectible amounts is estimated and recorded based on management's judgment of the collectability of the notes receivable in future years. At June 30, 2021 and 2020, the Foundation considered the full balance of the notes receivable to be collectible. Accordingly, there was no allowance for doubtful accounts.

(f) **In-kind contributions**—Donated educational materials, equipment, books and other non-cash contributions are recorded at their estimated fair values, if determinable, at the date of the donations. Nominal values are recorded if fair values are not determinable.

Administrative and fiscal services, office space and other miscellaneous support services are provided to the Foundation by the University at no cost. No value has been assigned to these services in the accompanying statement of revenues, expenses, and changes in net position, since there is no objective basis for determining the value.

(g) **Pledges receivable**—All non-endowed pledges that have met all the eligibility requirements that are verifiable, probable and measurable are recorded at their estimated realizable value on a discounted basis. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the month in which the promises are received. Amortization of the discounts is included in the contribution revenue. The Foundation uses the allowance method to determine uncollectible receivables. The allowance for uncollectible pledges is based on historical collection rates estimated at 3% of receivables.

(h) **Income taxes**—The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material uncertain tax positions as of June 30, 2021.

(i) **Operating income**—Operating revenues and expenses represent ongoing activities of the Foundation as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Nonoperating revenues include certain revenue sources that provide additional funding not included in operating revenues, including endowment contributions.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Revenue recognition**—Revenues are reported as increases in unrestricted net position unless use of the related assets is limited by donor-imposed restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted expendable or restricted nonexpendable support that increases these net position classes. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or by law.

In the normal course of business, the Foundation accepts financial assets from donors on behalf of specified beneficiaries to which it is financially interrelated and recognizes the fair value of assets received as contributions. Contributions, including unconditional promises to give, are recognized as revenues in the period received and are recorded at their estimated fair value on the date of contribution. Contributions of cash, investment securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are reported as increases in net position, with the exception of pledges to the endowment which are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated value at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(k) **Vacation and sick leave accrual**—Employees earn the right to be compensated during absences for annual leave (“vacation”) and sick leave pursuant to Section 6C-5.305 of the Florida Administrative Code. Employees earn annual and sick leave based on their years of service. For annual leave, a maximum of 352 hours can be carried forward from one year to the next or paid upon termination for administrative and professional (“A&P”) employees and 240 hours can be carried forward from one year to the next or paid upon termination for University support personnel services (“USPS”) employees. Employees who have completed at least ten years of service are eligible to receive payment for one fourth of their accrued sick leave hours, upon termination, not to exceed 480 hours. Vacation pay and sick leave payments are expensed in the period earned by the employee. Effective July 1, 2018 compensated absences are maintained by the University and no longer held on the Foundation books.

(l) **Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(m) **Capital assets**—All real property (buildings and land) is capitalized. Property and equipment purchased or donated with an original cost of \$5,000 or more are recorded at cost. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets. The estimated useful life for equipment is ten years.

(n) **Reclassifications**—Certain amounts in the prior year presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net position.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) Cash, Cash Equivalents and Investments:

Investment decisions are made subject to guidelines established by the Foundation’s Investment Committee and approved by the Board. All deposits and investments are held at the financial institutions in the name of the Foundation.

(a) **Cash and cash equivalents**—As of June 30, 2021, and 2020 unrestricted cash included bank demand accounts and consisted of the following:

	2021	2020
Cash on deposit	\$ 5,208,150	\$ 4,134,592

As of June 30, 2021, and 2020, restricted cash equivalents included money market funds and “2a7-like” investment pools subject to immediate withdrawal and consisted of the following:

	2021	2020
Money market funds	\$ 2,532,752	\$ 775,914
FL CLASS	2,813,665	4,500,484
	\$ 5,346,417	\$ 5,276,398

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution’s failure, the Foundation’s deposits may not be returned to it. The Foundation periodically maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

The Foundation’s total restricted cash and cash equivalents are restricted for endowment purposes. FL CLASS is rated by S&P Global Ratings. The current rating is ‘AAA.’

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation’s policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above. As of June 30, 2021, the dollar weighted average days to maturity (WAM) of FLCLASS at December 31, 2020 is 44 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of FLCLASS at December 31, 2020, is 54 days.

(b) **Investments**—Investments are recorded at fair value and consist of government and agency mortgage-backed securities, corporate bonds, mutual funds, and alternative investments which include hedge funds, private equity funds, global equities and fixed income funds, absolute return fund, and real assets funds.

The Foundation’s investment policy states equity securities will be broadly diversified (e.g. country, economic sector, industry, etc.) to minimize the impact during sudden and severe market downturns, as equity markets have historically displayed a high degree of such correlation during these periods.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Cash, Cash Equivalents and Investments:** (Continued)

The role of the alternative investment funds described above is to reduce the overall volatility of the equity fund performance. Fixed income securities will be diversified among different sectors of the fixed income market. With the exception of obligations of the U.S. Government and its agencies, no purchase will be made that will cause more than 5% of the fixed income fund to be invested in the securities of any one issuer.

The estimated fair values of investments (which include the Foundation's investments and fiduciary investments) were based on valuations provided by external investment managers at June 30, and consisted of the following:

<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
U.S. Government bonds and agency securities	\$ 8,711,034	\$ 6,383,098
Fixed Income - corporate bonds	5,852,395	4,842,525
Fixed income mutual funds	14,400	90,412
Equity mutual funds	1,203,818	948,304
Stocks	16,846	-
Absolute return fund	15,296,555	12,883,742
Global equities fund	85,732,308	62,572,727
Global fixed income fund	2,893,365	6,009,310
Hedge funds	11,678	25,381
Private equity funds	32,550,058	23,678,789
Real assets fund	5,819,631	5,401,038
	<u>\$ 158,102,088</u>	<u>\$ 122,835,326</u>

Credit risk. Credit risk was the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021 and 2020, the quality ratings of the Foundation's investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2021 Quality Rating</u>				
		<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>BBB</u>	<u>Unrated</u>
U. S. Government bonds and agency securities	\$ 8,711,034	\$ -	\$ 1,093,149	\$ 7,426,245	\$ -	\$ 191,640
Fixed Income - corporate bonds	5,852,395	3,960,301	1,141,391	160,846	589,857	-
Fixed income mutual funds	14,400	-	-	-	-	14,400
Equity mutual funds	1,203,818	-	-	-	-	1,203,818
Stock	16,846	-	-	-	-	16,846
Absolute return fund	15,296,555	-	-	-	-	15,296,555
Global equities fund	85,732,308	-	-	-	-	85,732,308
Global fixed income fund	2,893,365	-	-	-	-	2,893,365
Hedge funds	11,678	-	-	-	-	11,678
Private equity funds	32,550,058	-	-	-	-	32,550,058
Real assets fund	5,819,631	-	-	-	-	5,819,631
	<u>\$ 158,102,088</u>	<u>\$ 3,960,301</u>	<u>\$ 2,234,540</u>	<u>\$ 7,587,857</u>	<u>\$ 589,857</u>	<u>\$ 143,730,299</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Cash, Cash Equivalents and Investments:** (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>2020 Quality Rating</u>				<u>Unrated</u>
		<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>BBB</u>	
U. S. Government bonds and agency securities	\$ 6,383,098	\$ -	\$ 1,056,817	\$ 5,005,265	\$ -	\$ 321,017
Fixed Income - corporate bonds	4,842,525	3,490,963	925,339	76,774	349,449	-
Fixed income mutual funds	90,412	-	-	-	-	90,412
Equity mutual funds	948,304	-	-	-	-	948,304
Absolute return fund	12,883,742	-	-	-	-	12,883,742
Global equities fund	62,572,737	-	-	-	-	62,572,727
Global fixed income fund	6,009,310	-	-	-	-	6,009,310
Hedge funds	25,381	-	-	-	-	25,381
Private equity funds	23,678,789	-	-	-	-	23,678,789
Real assets fund	5,401,038	-	-	-	-	5,401,038
	<u>\$ 122,835,326</u>	<u>\$ 3,490,963</u>	<u>\$ 1,982,156</u>	<u>\$ 5,082,039</u>	<u>\$ 349,449</u>	<u>\$ 111,930,720</u>

Money market funds are presented in restricted cash and cash equivalents on the Foundation's Statements of Net Position.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above. As of June 30, 2021, the Foundation's investments and money market funds had the following maturities:

	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>
U.S. Government Bonds and Agency Securities	\$ 8,711,034	\$ 376,762	\$ 8,334,272
Fixed income - corporate bonds	5,852,395	968,880	4,883,515
Money market funds	5,346,417	5,346,417	-
	<u>\$ 19,909,846</u>	<u>\$ 6,692,059</u>	<u>\$ 13,217,787</u>

Concentration Risk. The Foundation's portfolio includes alternative investment funds ("Funds") as of June 30, 2021 and 2020, respectively. The Funds' investments are subject to various risk factors including market, credit, and currency risk. The Funds' investments are made in the United States and internationally and thus have concentrations in such regions. The Funds' investments are also subject to the risk associated with investing in private equity securities. The investments in private equity securities are generally illiquid, and there can be no assurance that the fund will be able to realize the value of such investments in a timely manner.

The Funds have invested, for purposes of capital appreciation, in various underlying funds that vary by size, industry and geographical concentration. Investment performance of an industry sector in which the Funds have a concentration of investments may have a significant impact on the performance of the Funds.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Cash, Cash Equivalents and Investments:** (Continued)

The Funds participate in assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to currency exchange matters, differences between the and non-U.S. securities markets, certain economic and political risks, and the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

Investment income. The following summarizes net investment income for the years ended June 30, 2021 and 2020:

	2021	2020
Net unrealized and realized gains	\$ 37,501,901	\$ 3,714,467
Investment management fees	(757,956)	(633,489)
Interest and dividends	239,412	339,527
	\$ 36,983,357	\$ 3,420,505

Endowment fees. In accordance with the policies of the Foundation’s Board, the Foundation received \$1,787,855 and \$1,479,053 in investment management fees from the permanently endowed accounts during the years ended June 30, 2021 and 2020, respectively. These fees are to be utilized for unrestricted purposes. The investment management fees are calculated as 1.55% and 1.60% of the respective fair value of the endowed investments for the years ended June 30, 2021 and 2020, respectively, and deducted quarterly from the total return of the pooled and non-pooled endowment funds. The fees assessed by the Foundation are for expenses related to the operation of the Foundation such as management of the endowment, audit and accounting functions, development and alumni related activities, as they relate to the operations and fund-raising, gift receipting, acknowledging, and recognition of donors.

Endowment deficiencies. The aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets was less than the level required by donor stipulations was \$322,000 and \$8,624,047 as of June 30, 2021 and 2020, respectively.

(3) **Fair Value Measurements:**

The Foundation has provided additional information about fair value measurements which is based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes the information used to develop these assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 – Inputs that are unobservable, about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) **Fair Value Measurements:** (Continued)

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation uses the market approach valuation technique to value its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

There have been no changes in the methodologies used at June 30, 2021 and 2020. Following is a description of the valuation methodologies use for assets measured at fair value.

The fair value of U.S. government bonds and agency securities, corporate bonds, and mutual funds are based on quoted prices in active markets.

The investments presented as hedge funds, absolute return funds, global equities funds, global fixed income funds, and real assets funds are generally open-end funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by such funds governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided the investors). Liquidity of individual hedge funds varies based on various factors and may include "gates," "holdbacks" and "side pockets" imposed by the manager of the hedge fund, as well as redemption fees which may also apply. These investments are generally illiquid in whole or in part. These funds are generally measured at fair value using net asset value ("NAV") as a practical expedient.

Most private equity funds are structured as closed-end, commitment-based investment funds where the entity commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors, and subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, the entity generally holds interests in such funds for which there is no active market. These funds are generally measured at fair value using NAV as a practical expedient.

The following tables present the assets carried on the statements of net position by level within the valuation hierarchy as of June 30, 2021 and 2020.

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government bonds and agency securities	\$ -	\$ 8,711,034	\$ -	\$ 8,711,034
Fixed Income - Corporate bonds	-	5,852,396	-	5,852,396
Fixed income mutual funds	1,400	-	-	1,400
Equity mutual funds	1,203,818	-	-	1,203,818
Equities	16,846	-	-	16,846
Total	\$ 1,222,064	\$ 14,563,430	\$ -	15,785,494
Investments measured at NAV (a)				142,316,594
Investments at fair value (b)				\$ 158,102,088

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) **Fair Value Measurements:** (Continued)

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
U.S. government bonds and agency securities	\$ -	\$ 6,383,098	\$ -	\$ 6,383,098
Fixed Income - Corporate bonds	-	4,842,525	-	4,842,525
Fixed income mutual funds	90,412	-	-	90,412
Equity mutual funds	948,304	-	-	948,304
Total	\$ 1,038,716	\$ 11,225,623	\$ -	12,264,339
Investments measured at NAV (a)				110,570,987
Investments at fair value (b)				\$ 122,835,326

- (a) *In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Position.*
- (b) *Included within the disclosures of fair value above are amounts totaling \$8,054,339 and \$1,431,731 for the years ended June 30, 2021 and 2020, respectively, which are held by the Foundation as a term endowment on behalf of the Museum of Contemporary Arts Jacksonville. The balance of these funds are reflected within the Statement of Fiduciary Net Position.*

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2021 and 2020.

	Fair Value at June 30, 2021	Fair Value at June 30, 2020	Unfunded Commitments	Withdrawal Frequency	Redemption Notice Period
Absolute return fund	\$ 15,296,555	\$ 12,883,472	None	Monthly, Quarterly, Semi-Annually, Annually, Biennially	3 to 90 Days
Global equities fund	85,732,308	62,572,737	None	Daily, Monthly, Quarterly	6 to 90 Days
Global fixed income fund	2,893,365	6,009,299	None	Daily, Monthly, Monthly, Quarterly, Semi-Annually,	2 to 60 days 30 to 105 Days
Hedge funds	11,678	25,381	None	Annually, Biennially	Days
Private equity funds	32,550,058	23,678,789	\$ 28,480,642	None	None
Real assets fund	5,819,631	5,390,122	None	Semi-Monthly, Monthly, Annually	5 to 60 days

Investment Manager Subscription Agreements

The Foundation is a party to various subscription agreements with hedge fund managers. Due to the illiquid nature of the investments in these types of funds, there is redemption, notification requirements before an account can be closed, and proceeds paid to the Foundation. The stated redemption notice on the majority of funds is approximately 95 days, however, the Foundation has annually been permitted to withdraw cash to meet its operational needs.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) **Fair Value Measurements:** (Continued)

The Foundation is also a party to various subscription agreements with private equity managers which provide for capital contributions as requested by the funds. At June 30, 2021, the Foundation has future funding commitments to the following funds:

Morgan Creek Partners I	\$	337,500
Morgan Creek Partners II		270,000
Morgan Creek Partners III		540,000
Morgan Creek Partners IV		30,000
Agility Private Capital II		3,218,231
Agility Private Capital III		2,448,826
Agility Private Capital IV		2,004,459
Agility Private Capital V		1,871,344
Agility Private Capital VI		7,260,077
Agility Second Opportunity I		4,000,000
Total Private Capital		\$ 21,980,437
Agility - Private Real Assets I	\$	2,784,529
Agility - Private Real Assets II		1,641,749
Agility - Private Real Assets III		2,073,927
Total Real Assets		\$ 6,500,205

(4) **Notes Receivable:**

(a) **UNF Training & Service Institute, Inc.**—The Foundation entered into a Memorandum of Understanding (“MOU”) in May 2010 between the UNF Foundation, Inc., UNF Training & Services Institute, Inc. (“TSI”) and UNF TSI Investments, LLC (“LLC”) to purchase the ADT property. The MOU includes a) loan funding to the LLC in an amount not to exceed \$4,800,000; b) terms for the loan: a maturity date of May 2025, interest rate of 4.5% per annum, and monthly principal and interest payments of \$112,629; c) no additional encumbrance or loan to any party a security interest in or otherwise pledge, collateralize or encumber the ADT Property; and d) no TSI funding of capital projects for as long as any portion of the loan or interest thereon remains unpaid, TSI will not advance, loan or contribute to UNF or a UNF-related entity any sum for the purpose of funding a UNF capital project.

At June 30, 2021 and 2020, the loan totaled \$4,446,000 and \$4,518,000 respectively, and the related loan interest receivable totaled \$630,092 and \$712,671, respectively.

(b) **UNF Financing Corporation, Inc.**—In December 2014, the Foundation executed a \$1,200,000 agreement with the UNF Financing Corporation, Inc. for the purpose of renovations to the East Park Warehouse. The loan terms include a maturity date of April 2025, interest rate of 3.00% and quarterly principal and interest payments of \$34,849.

At June 30, 2021 and 2020 the loan principal totaled \$461,440 and \$584,634, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Notes Receivable:** (Continued)

Maturities of notes receivable over the next five years, and in the aggregate, are as follows:

Year Ended	Amount
2022	\$ 1,045,940
2023	1,126,801
2024	1,244,374
2025	1,490,325
Total	\$ 4,907,440

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Arena Scoring and Display System	\$ 597,464	\$ 9,650	\$ -	\$ 607,114
Arena Scoring Table	102,536	70,668	-	173,204
Baseball Scoreboard, Signage, and related Equipment	329,500	25,128	-	354,628
Land	9,230,000	-	-	9,230,000
	10,259,500	105,446	-	10,364,946
Less accumulated depreciation	417,279	126,744	-	544,023
Capital assets, net	\$ 9,842,221	\$ (21,298)	\$ -	\$ 9,820,923

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Arena Scoring and Display System	\$ 597,464	\$ -	\$ -	\$ 597,464
Arena Scoring Table	102,536	-	-	102,536
Baseball Scoreboard, Signage, and related Equipment	329,500	-	-	329,500
Land	9,230,000	-	-	9,230,000
	10,259,500	-	-	10,259,500
Less accumulated depreciation	314,329	102,950	-	417,279
Capital assets, net	\$ 9,945,171	\$ (102,950)	\$ -	\$ 9,842,221

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(5) **Capital Assets:** (Continued)

Depreciation expense for property and equipment was \$126,744 and \$102,950 for the years ended June 30, 2021 and 2020, respectively.

(6) **Pledges Receivable:**

Pledge receivables are recorded in the Statements of Net Position for restricted accounts at net realizable value in accordance with GASB 33. Pledge receivables were discounted using a discount rate of 3.0% and an allowance for bad debts as of June 30, 2021.

Pledges receivable as of June 30, 2021, are:

Year Ending June 30,	Amount
2022	\$ 2,273,975
2023	1,381,424
2024	807,808
2025	531,915
Thereafter	134,000
Subtotal pledges	5,129,122
Less: Allowance for bad debts	(152,063)
Less: Present value discounts	(60,366)
Total pledges receivable, net	4,916,693
Less: Current portion of pledges receivable	(1,804,627)
Long-term portion of pledges receivable	\$ 3,112,066

Unrestricted and endowment pledge receivables not recognized in the Statements of Net Position under the provisions of GASB 33 were \$13,599,014 and \$11,587,848 at June 30, 2021 and 2020, respectively.

(7) **Note Payable:**

In August 2015, the Foundation executed an agreement with a vendor to purchase a scoreboard and scoring table for \$700,000. In October 2017, an amendment was made to the existing contract to include an additional scoreboard which increased the total to \$1,134,946. An agreement with the same vendor was entered into in June 2021 in the amount of \$105,446 for additional scoreboard related purchases. The note is non-interest bearing and matures in August 2021.

A summary of changes in note payable activity for the year ended June 30, 2021 is as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
\$ 150,833	\$ 105,446	\$ (150,833)	\$ 105,446	\$ 105,446

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) **Note Payable:** (Continued)

A summary of changes in note payable activity for the year ended June 30, 2020 is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
\$ 301,666	\$ -	\$ (150,833)	\$ 150,833	\$ 150,833

The scheduled maturity of the note payable is as follows at June 30:

<u>Year Ended</u>	<u>Amount</u>
2022	\$ 105,446

(8) **Related Party Transactions:**

The Foundation makes contributions to the University for equipment purchases. The University maintains title to all such equipment purchases with the Foundation having use of all equipment without further charges. Contributions to the University for equipment purchases were \$552,646 and \$142,106 for the years ended June 30, 2021 and 2020, respectively.

The Foundation contributes funds to the University of North Florida Training and Services Institute, Inc. (the "Institute") for reimbursement of Foundation operating costs paid by the Institute. Contributions for the above costs were \$399,056 and \$393,000 for the years ended June 30, 2021 and 2020, respectively.

The University contributes funds to the Foundation for reimbursement of the University operating costs paid by the Foundation. Contributions for the above costs were \$142,651 and \$107,818 at June 30, 2021 and 2020, respectively.

(9) **Retirement Benefits:**

The Foundation's employees are employed by the University. The Foundation does not administer a separate retirement plan for its employees; however, pursuant to law, all salaried employees are members of retirement plans of the State of Florida. The retirement plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits and other related matters are the responsibility of the Florida State Department of Administration, Division of Retirement. Other postemployment benefits (OPEB), primarily subsidized premiums for health insurance, are provided by the University. The complete disclosures for the retirement plan and OPEB can be located in the audited financial statements of the University. Payments made to the University for contributions on behalf of the Foundation's employees were \$106,168 and \$97,708 for the years ended June 30, 2021 and 2020, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(10) Restricted Net Position:

At June 30, 2021 and 2020, the restricted nonexpendable endowments net position consisted of endowment funds. Investment earnings earned by endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual meeting. The spending rate for the year ending June 30, 2021 was 4.05% to support donor-designated scholarships and programs and administrative fees. The spendable earnings are recorded as increases to the restricted expendable net position.

At June 30, 2021 and 2020, the restricted expendable net position includes undistributed earnings related to endowment funds, which represents gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Restricted expendable amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure. All excess earnings and spending appropriations not distributed will remain as part of the endowment fund to hedge against inflation and other threats to loss of purchasing power.

The Foundation follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and its own governing documents. FUPMIFA requires the Foundation to prudently manage its funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under FUPMIFA. The majority of the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

(11) Accounting Standard Implementation:

During the year ended June 30, 2021, the Foundation implemented GASB Statement No. 84, *Fiduciary Activities*, which requires that certain amounts held as an endowment for MOCA should actually be reflected as fiduciary activities (rather than net position of the Foundation) since the funds have been determined to be owned by MOCA. The accompanying financial statements reflect an adjustment to reduce net position at June 30, 2020 and July 1, 2019 by \$1,431,731 and \$1,404,000, respectively, from previously reported financial statements of the Foundation.

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

To the Board of Directors,
University of North Florida Foundation, 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 activity and each major fund of the University of North Florida Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 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 over financial reporting 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 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*.

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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.

James Moore & Co., P.L.

Gainesville, Florida
September 10, 2021

SUPPLEMENTAL INFORMATION

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CSFA No. 48.074
 Agency: State of Florida Department of Education and Commissioner of Education
 Program: University Major Gift Challenge Grant Program

Account Number	Account Name	State Expenditures Total
7001	Andrew Robinson Scholarship Endowment	\$ 10,000
7002	Lovee and Hy Kliman Family Scholars Endowment	7,100
7003	Captain Blanchart Maritime Endowed Scholarship	53,354
7004	Wells Fargo Bank Scholarship Endowment	4,000
7005	Herman & Virginia Terry Scholars Endowment	160,270
7009	Mayor Jake Godbold Endowed Scholarship	5,833
7017	Presidential Endowed Scholarship	10,000
7018	Eminent Scholar Char in American Music	41,461
7020	Danciger Scholarship Endowment	6,000
7021	Madison-Mullis Endowment	3,250
7027	Richard deRaimis Kip Professor of International Business	10,227
7028-7032	de R. Kip Endowment	125,729
7048	de R. Kip Professorship in Financial Services	9,363
7049	Eminent Scholar Chair in Wholesaling	48,966
7050	Eminent Scholar Chair in Transportation	-
7051	AT&T Scholarship Endowment	5,521
7052	Alumni Association Scholarship Endowment	6,000
7054	Hercules Scholarship Endowment - COAS	-
7055	Hercules Scholarship Endowment - COCSE	-
7057	Fred and Rose Cobb Endowment Scholarship	7,500
7059	Martinez Family Scholarship Endowment	9,945
7060	Eminent Scholar Chair in Education	67,745
7063	R Ernest & D Ferrell Endowed Scholarship	10,875
7064	Elizabeth Larsen Music Scholarship	15,750
7065	John E Mathews Endowment	4,249
7067	Marcus E Drewa Distinguished Professorship Endowment	7,681
7068	Jacksonville Kennel Club Scholarship Endowment	3,000
7069	William Sheffield Real Estate Professorship Endowment	-
7071	Delores Kesler Scholarship Endowment	15,964
7072	Pre-Law: Brown, Terrell, Hogan et al	3,565
7073	Pre-Law: Coker Visiting Professorship	986
7074	Pre-Law: RP & KR Liles Lecture	1,306
7075	Pre-Law: Child Advocacy Program	931
7076-7079	Hicks and Gray Scholars Endowment	116,614
7080	Fidelity National Financial - Ann & David Hicks Scholarship	1,700
7081	Florida Book Depository Endowed Graduate Fellows	6,700
7083	Coggin Professorship Endowment	7,600
7084	Coggin Endowment Scholarship	2,000
7085	Adam W. Herbert Scholarship Endowment	11,125
7086	E & I Zekaria Scholarship Endowment	13,207
7088	Bank of America Information Technology Endowed Professorship	-
7089	Bank of America Endowed Scholarship	5,000
7090	Jacksonville Jaguars Foundation Endowed Scholarship	11,000
7093-7098	Brooks Health Endowment Scholarships, Professorships	52,066
7099	Gerson Yessin Distinguished Endowed Professorship	-
7104	David A Stein Business Ethics Scholarship Endowment	54,962
7105	Donna L Harper Endowment Professor Business Admin	-
7106-7107	M & H Scheidel Scholarship Endowment	115,117
7108-7109	Jody & Layton Smith Professorship and Osprey Financial Group	19,552
7110	Jody & Layton Smith Scholarship Endowment	11,083
7111	Pat H Foster Graduate Nurse Fellowship Endowment	6,000
7114	University Scholars Endowment	5,000
7115	Memorial Hospital Jacksonville Auxiliary Endowment Scholarship	4,000
7116	St. Joe Company Endowed Scholarship	6,000
7117	Dixon, Hughes, Goodman LLP Endowed Accounting Scholarship	7,188
7118	Weaver Family Foundation Business Endowment Scholarship	70,652
7120	CSX Transportation Scholarship Endowment	7,188
7122	Lazzara Family Scholarship Endowment	4,977
7123	Elkins Constructors Endowment Scholarship	5,000
7124	Fidelity National Financial Distinguished Professorship in CIS	18,000
7125	The Haskell Company Endowed Scholarship	5,400
7129	Let Us Play Scholarship Endowment	5,500
7130	Bill & Angie Halimandaris Endowed Scholarship	-
7131	Dr. Reza Vaghefi Endowed Scholarship	1,000

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CSFA No. 48.074
Agency: State of Florida Department of Education and Commissioner of Education
Program: University Major Gift Challenge Grant Program

Account Number	Account Name	State Expenditures Total
7132	David A. Smith & PSS World Medical Inc., Endowed Scholar	\$ 8,000
7134	Ann C. Hicks Endowed Merit Scholarship	20,000
7137	Compass Bank Endowed Scholarship in International Business	500
7138	Baptist Health MSN Endowed Fellowships	16,000
7140	James Van Vleck Endowed Scholarship	2,969
7141	Dannehl & Kevin Twomey Endowed Scholarship	4,403
7142-7143	Blue Cross Blue Shield - Florida Ethics Center, Public Policy	129,834
7144	Stellar Group Scholarship Endowment	2,500
7146-7151	Coggin Scholarships, Fellowships, Professorships	207,569
7152	Mayor John A. Delaney Endowed Scholarship	8,250
7153	James Van Vleck Endowed Leadership & Ethics	-
7154	Pajcic Scholars Program Endowment	7,816
7155	Katherine H. Lovett Endowed Scholarship	65,000
7157	Mark E. Workman Endowed Professorship	11,533
7159	Thomas F & Eleanor H Aretz Endowed Nursing Scholarship	12,500
7167 - 7168	Crawford Early Literacy Faculty Fellow Corpus/Early Childhood Research Prof	68,666
7179	Women & Girls Health Research Professorship Endowment	-
7180	Terry Presidential Professorship Endowment	-
7182	Pre-Law Scholarship Endowment	5,176
7184	Paul Mucciolo MD Pre-Medical Scholarship	4,131
7186	Panides-Doughty Memorial Endowed Scholarship	2,333
7187	Debra Doughty-Jason Panides Endowed Memorial Scholarship	3,000
7188	Betty Lawson Endowed Physical Therapy Fellowship	5,000
7191	James Kufeldt Memorial Endowed Scholarship	1,500
7195	Gate Petroleum Company Entrepreneurial Endowed Scholarship	1,000
7199	Sam E Mousa Endowed Merit Scholarship	4,000
7205	Linda Carter & Tom H Slade III Endowed Prof of Entrepreneurial Studies	3,444
7207	James Van Vleck Promising Future Endowed Scholarship	2,814
7213	The Wachovia Foundation Endowed Scholarship	3,000
7217	Blue Cross Blue Shield Endowed Nursing Professorship	-
7222	Brooks College of Health Physical Therapy Professorship 1	-
7223	Brooks College of Health Physical Therapy Professorship 2	-
7224	Brooks College of Health Physical Therapy Professor 3	10,803
7225	Brooks College of Health Physical Therapy Professor 4	1,300
7226	Brooks College of Health Nursing Professorship 1	-
7227	Brooks College of Health Nursing Professorship 2	-
7228	Pamela S Chally Distinguished Professorship	-
7229	Taylor Engineering Endowed Professorship	-
7232	Charles M & Doris B Nevasier Endowed Nursing Scholarship	10,000
7242	River Branch Foundation Endowment	8,719
7246	Thad M Moseley, MD Endowed Scholarship	5,000
7247	Donald Loop Spanish Scholarship Endowment	4,833
Total State Expenditures		<u>\$ 1,871,795</u>

CSFA No. 76.034
Agency: Florida Department of Highway Safety and Motor Vehicles
Program: University of North Florida License Plate Project

Account Number	Account Name	State Expenditures Total
0368	Collegiate License Plate Transfer	\$ 58,573
0369	Collegiate License Plate Administration	10,117
0875	Collegiate License Plate - Academic Enhancement Fund	-
Total State Expenditures		<u>\$ 68,690</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) presents the activity of the state award program of the University of North Florida Foundation, Inc. (the “Foundation”) for the year ended June 30, 2021.

(2) **Summary of Significant Accounting Policies:**

The accompanying Schedule is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida.

The University Major Gifts Program has been temporarily suspended by the State of Florida, and no funding was received from the state in the form of matching funds during the year ended June 30, 2021. The expenditures under the University Major Gifts Program in the accompanying schedule of expenditures of state financial assistance represent expenditures of earnings on endowments that have received state matching funds or have been submitted for matching. These expenditures include amounts spent from earnings on both the state match portion and the private donor portions of the endowments.

(3) **Scope of Audit to the State Single Audit Act:**

All state grant operations of the Foundation are included in the scope of the Florida Single Audit Act. The Florida Single Audit Act was performed in accordance with the provisions of the Department of Financial Services’ State Projects Compliance Supplement. Compliance testing of all requirements, as described in the State Projects Compliance Supplement, was performed for the grant program noted in the accompanying Schedule.

(4) **Subrecipients:**

During the year ended June 30, 2021, the Foundation provided no state assistance to subrecipients.

(5) **Contingency:**

The grant revenue amount received is subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as a result of such an audit, any claim for the reimbursement to the grantor agency would become a liability of the Foundation. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable state laws and regulations.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL**

To the Board of Directors,
University of North Florida Foundation, Inc.:

Report on Compliance for Each Major State Project

We have audited the University of North Florida Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Foundation's major state projects for the year ended June 30, 2021. The Foundation's major state projects are identified in the summary of auditors' 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 projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major state 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 Florida Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, 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 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 project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major State 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 projects for the year ended June 30, 2021.

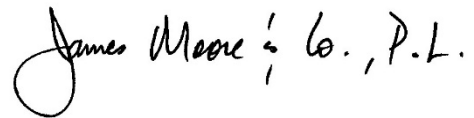
Report on Internal Control over Compliance

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 project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, 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 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 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 as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state 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 results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Gainesville, Florida
September 10, 2021

