

FINANCIAL STATEMENTS

University of South Florida Alumni Association, Inc.

Years Ended June 30, 2021 and 2020

With Reports of Independent Auditor

University of South Florida Alumni Association, Inc.

Financial Statements

Years Ended June 30, 2021 and 2020

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## Report of Independent Auditor

To the Board of Directors and Management  
University of South Florida Alumni Association, Inc.  
Tampa, Florida

### **Report on the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alumni Association as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 10 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*

The schedules of functional expenses are the responsibility of management and was derived from and relate 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 schedules of functional expenses are 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 October 14, 2021, on our consideration of the Alumni Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alumni Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alumni Association's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tampa, Florida  
October 14, 2021

# University of South Florida Alumni Association, Inc.

## Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

This management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the University of South Florida Alumni Association, Inc. (the "Alumni Association") for the fiscal years ended June 30, 2021 and 2020 and should be read in conjunction with the financial statements and notes thereto. The Alumni Association is presented as a component unit of the University of South Florida (the "University" or "USF") and is certified as a direct support organization. The Alumni Association assists in maintaining and enhancing a mutually beneficial relationship between the University and its alumni.

### **Overview of Financial Statements**

The Alumni Association's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board ("GASB"). Pursuant to GASB 35, *Basic Financial Statements- Management's Discussion and Analysis - for Public Colleges and Universities*, the Alumni Association's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The Alumni Association is considered a Business-Type Activity ("BTA") under the provisions of GASB 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and GASB 35, *Basic Financial Statements - Management's Discussion and Analysis - for Public Colleges and Universities*. The BTA format includes accounting on an accrual basis. The statements are a presentation of 1) assets and liabilities as current and noncurrent and deferred inflows of resources; 2) revenues and expenses as operating and nonoperating; 3) the use of the direct and indirect methods for the statement of cash flows; and 4) management's discussion and analysis ("MD&A") of the financial results. The notes to financial statements which provide a summary of the Alumni Association's accounting policies.

### **The Statement of Net Position**

The statement of net position presents the assets, liabilities, deferred inflows of resources, and net position of the Alumni Association, as of the end of the fiscal year. The difference between total assets, total liabilities, and deferred inflows of resources is net position. The net position is an indicator of the Alumni Association's financial health. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use by external donors. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net position that do not meet the definition of restricted.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

The following schedule is a summary of the Alumni Association's statements of net position as of June 30, 2021, 2020, and 2019.

**Condensed Statements of Net Position  
(For the Fiscal Years Ended June 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$ 788,701	\$ 779,536	\$ 730,449
Noncurrent assets	10,035,148	7,654,297	7,341,958
<b>Total Assets</b>	<u>\$ 10,823,849</u>	<u>\$ 8,433,833</u>	<u>\$ 8,072,407</u>
Liabilities			
Current liabilities	\$ 344,945	\$ 590,986	\$ 531,610
Noncurrent liabilities	2,058,752	1,843,012	1,829,242
<b>Total Liabilities</b>	<u>\$ 2,403,697</u>	<u>\$ 2,433,998</u>	<u>\$ 2,360,852</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 16,213</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Restricted- expendable	\$ 718,958	\$ 304,723	\$ 319,880
Restricted- nonexpendable endowments	1,061,122	988,868	940,565
Unrestricted	6,623,859	4,706,244	4,451,110
<b>Total Net Position</b>	<u>\$ 8,403,939</u>	<u>\$ 5,999,835</u>	<u>\$ 5,711,555</u>

The Alumni Association's assets totaled \$10.8 million as of June 30, 2021. This balance reflects an increase of \$2.4 million or 28.3%, compared to June 30, 2020. This increase primarily consists of market fluctuations in both current and noncurrent investments. Current assets contribute \$789 thousand to total assets and consist primarily of funds available to meet current obligations and membership and contribution receivable that are expected to be collected within the next fiscal year. Noncurrent assets contribute \$10.0 million to the Alumni Association's total assets and consist primarily of investments expected to be held, beneficial interest assets, and contribution and membership receivables expected to be collected, beyond the next fiscal year.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

The Alumni Association's assets totaled \$8.4 million as of June 30, 2020. This balance reflects an increase of \$361 thousand or 4.5%, compared to June 30, 2019. This increase primarily consists of market fluctuations in both current and noncurrent investments. Current assets contribute \$780 thousand to total assets and consist primarily of funds available to meet current obligations and membership and contribution receivable that are expected to be collected within the next fiscal year. Noncurrent assets contribute \$7.7 million to the Alumni Association's total assets and consist primarily of investments expected to be held and contribution and membership receivables expected to be collected, beyond the next fiscal year.

The Alumni Association's liabilities totaled \$2.4 million as of June 30, 2021. This balance reflects a decrease of \$30 thousand or 1.2%, compared to June 30, 2020 as a decrease in deferred revenue associated with postponed events. Current liabilities consist of \$147 thousand in obligations that are expected to be paid within the next fiscal year and \$31 thousand in unearned revenue expected to be earned within the next fiscal year. The remaining \$168 thousand represents the portion of life membership revenue which will be recognized in the next fiscal year. Noncurrent liabilities consist of \$2.1 million and consist primarily of the portion of life memberships and life beneficiaries obligations that are expected to be recognized beyond the next fiscal year.

The Alumni Association's liabilities totaled \$2.4 million as of June 30, 2020. This balance reflects an increase of \$78 thousand or 3.3%, compared to June 30, 2019 as a result of deferred revenue associated with postponed events. Current liabilities consist of \$163 thousand in obligations that are expected to be paid within the next fiscal year and \$269 thousand in unearned revenue expected to be earned within the next fiscal year. The remaining \$159 thousand represents the portion of life membership revenue which will be recognized in the next fiscal year. Noncurrent liabilities consist of \$2.1 million and consist primarily of the portion of life memberships that are expected to be recognized beyond the next fiscal year.

Deferred inflows of resources from beneficial interest totaled approximately \$16 thousand as of June 30, 2021. The balance reflects an increase of approximately \$16 thousand or 100%, compared to June 30, 2020. This increase represents earnings on current year beneficial interest.

Total net position totaled \$8.4 million as of June 30, 2021. This balance reflects an increase of \$2.4 million or 40.1%, compared to June 30, 2020. This increase reflects the market change in investment values in the unrestricted and restricted - expendable category, and new endowments in the restricted nonexpendable category.

Total net position totaled \$6.0 million as of June 30, 2020. This balance reflects an increase of \$284 thousand or 5.0%, compared to June 30, 2019. This increase reflects the market change in investment values in the unrestricted and restricted - expendable category, and new endowments in the restricted nonexpendable category.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

**The Statement of Revenues, Expenses, and Changes in Net Position**

The statement of revenues, expenses, and changes in net position present the Alumni Association's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following schedule is a summary of the Alumni Association's statements of revenues, expenses, and changes in net position for the fiscal years ended June 30, 2021, 2020, and 2019.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position  
(For the Fiscal Years Ended June 30)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Nonoperating revenues	\$ 2,599,506	\$ 239,884	\$ 275,421
<b>Income before endowment contributions</b>	2,359,360	265,005	218,040
Endowment contributions	44,744	23,275	58,041
<b>Increase in net position</b>	2,404,104	288,280	276,081
Net position - beginning of year	5,999,835	5,711,555	5,435,474
Net position - end of year	\$ 8,403,939	\$ 5,999,835	\$ 5,711,555

The following summarizes the operating revenue by source that were used to fund operating activities for the fiscal years ended June 30, 2021, 2020, and 2019.

**Operating Revenue  
(For the Fiscal Years Ended June 30)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contributions	\$ 1,025,072	\$ 1,461,331	\$ 1,373,434
Membership dues	535,472	550,033	536,199
Special events and other income	574,188	747,121	876,048
<b>Total Operating Revenue</b>	\$ 2,134,732	\$ 2,758,485	\$ 2,785,681

Total 2021 operating revenues of \$2.1 million include contributions, membership dues, affinity income, event related revenue, and other miscellaneous operating activity. Contributions were \$1 million and represented 48.0% of total operating revenues. This reflects a decrease of \$436 thousand over 2020 due a decrease in budget funding received from USF. Special events and other income were \$574 thousand and represented 26.9% of total operating revenues. This reflects a decrease of \$172.9 thousand over 2020 due to moving to most events being virtual due to the coronavirus ("COVID-19") outbreak.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

Total 2020 operating revenues of \$2.8 million include contributions, membership dues, investment income, affinity income, event related revenue, and other miscellaneous operating activity. Contributions were \$1.5 million and represented 53.0% of total operating revenues. This reflects an increase of \$88 thousand over 2019 due to additional budget funding received from USF. Special events and other income were \$747 thousand and represented 27.0% of total operating revenues. This reflects a decrease of \$129 thousand over 2019 due to postponement of Spring events due to the COVID-19 outbreak and subsequent quarantine.

The following summarizes the operating expenses by type that incurred the operating activities for the fiscal years ended June 30, 2021, 2020, and 2019.

**Operating Expense**  
**(For the Fiscal Years Ended June 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Salaries and other supplements	\$ 1,812,325	\$ 1,915,073	\$ 1,841,145
Event services	96,615	242,230	268,776
Postage and printing	123,496	161,880	201,925
Services and independent contractors	124,403	127,006	178,573
Scholarships and awards	74,500	85,150	95,760
Travel and per diems	3,459	42,800	63,483
Community relations	11,935	33,117	32,396
Other	128,145	126,108	161,004
<b>Total Operating Expenses</b>	<u><u>\$ 2,374,878</u></u>	<u><u>\$ 2,733,364</u></u>	<u><u>\$ 2,843,062</u></u>

Total 2021 operating expenses of \$2.4 million include program related costs, fundraising, and management and general expenses related to support of the Alumni Association's mission. This balance reflects a decrease of \$358.5 thousand, or 13.1% over the prior fiscal year. This variance consists of a decrease in event, fundraising, and membership solicitation activities due to the COVID-19 outbreak.

Total 2020 operating expenses of \$2.7 million include program related costs, fundraising, and management and general expenses related to support of the Alumni Association's mission. This balance reflects a decrease of \$110 thousand, or 3.8% over the prior fiscal year. This variance consists of a decrease in event, fundraising, and membership solicitation activities due to the COVID-19 outbreak.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

2021 nonoperating revenue of \$2.6 million consists entirely of unrealized gains on the endowment investment pool held at the University of South Florida Foundation, Inc. (the "Foundation"). This gain represents a 983.7% increase over the fiscal year ended 2020 due primarily to stronger performance of the market during 2021.

2020 nonoperating revenue of \$240 thousand consists entirely of unrealized gains on the endowment investment pool held at the Foundation. This gain represents a 12.9% decrease over the fiscal year ended 2019 due primarily to weaker performance of the market during 2019 as compared to 2020.

**The Statement of Cash Flows**

The statement of cash flows provides information in the form of cash inflows and outflows summarized by operating, investing, and noncapital financing activities. This statement will assist in evaluating the Alumni Association's ability to generate net cash flows and its ability to meet its financial obligations as they come due. Cash flows from operating activities show the net cash used by typically ongoing operating activities of the Alumni Association. Cash flows from investing activities show the net sources and uses of cash related to the purchasing or selling investments and earnings income on those investments. Cash flows from noncapital financing activities consist of endowment contributions received. For purposes of cash flow, the Alumni Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The following summarizes the major sources and uses of cash for the fiscal years ended June 30, 2021, 2020, and 2019:

**Condensed Statements of Cash Flow  
(For the Fiscal Years Ended June 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows provided by (used in):			
Operating activities	\$ (290,911)	\$ 149,291	\$ (87,451)
Investing activities	221,600	(152,880)	30,431
Non-capital financing activities	44,744	23,275	58,041
Change in cash and cash equivalents	(24,567)	19,686	1,021
Cash and cash equivalents			
Beginning of year	26,858	7,172	6,151
End of year	<u>\$ 2,291</u>	<u>\$ 26,858</u>	<u>\$ 7,172</u>

# University of South Florida Alumni Association, Inc.

## Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2021 and 2020

Cash and cash equivalents during 2021 decreased by \$24.6 thousand, or 91.5% during fiscal year 2021. Net cash flows from operating activities decreased by \$440.2 thousand, mainly attributed to a smaller ending cash balance at the end of the year due to the Alumni Association's accounting system conversion. This decrease is offset by an increase in investing activities of \$374.5 thousand and an increase in non-capital financing activities of \$21.5 thousand. Cash flows provided by investing consisted of the sale of short-term investments. Cash flows provided by non-capital financing activities consisted of payments made on endowment contribution.

Cash and cash equivalents during 2020 increased by \$19.7 thousand or 274.5% during fiscal year 2020. Net cash flows from operating activities increased by \$149 thousand, mainly attributed to a larger ending cash balance at the end of the year due to the Association's accounting system conversion. This increase is offset by a decrease in investing activities of \$152 thousand and a decrease in non-capital financing activities of \$23 thousand. Cash flows provided by investing consisted of the sale of short-term investments. Cash flows provided by non-capital financing activities consisted of payments made on endowment contribution.

### **Economic Outlook**

The economic outlook of the Alumni Association is affected by several factors, including support received from the University, the Foundation, and various other revenue sources. The University and the Foundation support is contingent on state appropriations and performance of the investment market. Due to the current impact of the COVID-19 virus, the University is taking measures to reduce expenses where possible. During the pandemic the financial support of the University may fluctuate, but the Alumni Association will be able to mitigate that risk through prudent budgeting and access to reserves.

The Alumni Association participates in the State of Florida Major Gifts Challenge Grant Program (the "Program"). The Program has been temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations received on or before June 29, 2011 remain eligible for future matching funds when appropriated by the state. As of June 30, 2021, the Alumni Association submitted matching requests totaling \$52,802 to the state of Florida. The Program may be restarted by the state of Florida after \$200.0 million of the backlog for the state match programs has been funded. When received, state matching grants will benefit the endowment. Therefore, the \$52,802 has not been recorded in the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the Alumni Association's finances for all those interested. Questions concerning any of the information provided in this report should be addressed to the USF Alumni Association, 4202 East Fowler Ave., ALC 100, Tampa, Florida 33620.

University of South Florida Alumni Association, Inc.

Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,291	\$ 26,858
Equity in the University of South Florida Foundation, Inc.	565,780	542,933
Membership dues receivable, net	89,008	83,156
Contribution receivable, net	14,920	19,305
Accounts receivable	90,124	88,629
Prepaid expenses and other assets	26,578	18,655
Total Current Assets	<u>788,701</u>	<u>779,536</u>
Noncurrent Assets:		
Equity in the University of South Florida Foundation, Inc.	9,975,990	7,620,931
Beneficial interest assets	50,604	-
Membership dues receivable, net	2,970	20,546
Contribution receivable, net	5,584	12,820
Total Noncurrent Assets	<u>10,035,148</u>	<u>7,654,297</u>
<b>Total Assets</b>	<u>10,823,849</u>	<u>8,433,833</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	126,840	79,827
Lifetime memberships	167,894	159,092
Unearned revenue	30,518	268,735
Due to the University	19,693	83,332
Total Current Liabilities	<u>344,945</u>	<u>590,986</u>
Noncurrent Liabilities:		
Lifetime memberships	2,024,361	1,843,012
Life beneficiaries obligations	34,391	-
Total Noncurrent Liabilities	<u>2,058,752</u>	<u>1,843,012</u>
<b>Total Liabilities</b>	<u>2,403,697</u>	<u>2,433,998</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from beneficial interest assets	16,213	-
Total Deferred Inflows of Resources	<u>16,213</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted:		
Expendable	718,958	304,723
Nonexpendable endowments	1,061,122	988,868
Unrestricted	6,623,859	4,706,244
<b>Total Net Position</b>	<u>\$ 8,403,939</u>	<u>\$ 5,999,835</u>

See Accompanying Notes to Financial Statements

University of South Florida Alumni Association, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues:</b>		
Contributions	\$ 1,025,072	\$ 1,461,331
Membership dues	535,472	550,033
Special events and other income	574,188	747,121
<b>Total Operating Revenues</b>	<u>2,134,732</u>	<u>2,758,485</u>
<b>Operating Expenses:</b>		
Program service support	1,938,123	2,162,969
Fundraising support	234,901	302,683
Management expenses	201,854	267,712
<b>Total Operating Expenses</b>	<u>2,374,878</u>	<u>2,733,364</u>
<b>Operating (Loss) Income</b>	(240,146)	25,121
<b>Nonoperating Revenues:</b>		
Investment income	2,599,506	239,884
<b>Total Nonoperating Revenues</b>	<u>2,599,506</u>	<u>239,884</u>
<b>Income Before Endowment Contributions</b>	2,359,360	265,005
<b>Endowment Contributions:</b>		
Contributions to endowments	44,744	23,275
Increase in net position	2,404,104	288,280
Net position, beginning of year	5,999,835	5,711,555
<b>Net position, end of year</b>	<u>\$ 8,403,939</u>	<u>\$ 5,999,835</u>

*See Accompanying Notes to Financial Statements*

University of South Florida Alumni Association, Inc.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flow from operating activities:</b>		
Receipts from contributions	\$ 1,774,040	\$ 2,044,888
Receipts from all other sources	564,770	784,192
Payments to the University for programs	(138,139)	(12,310)
Payments to suppliers for goods and services	(2,491,582)	(2,667,479)
Net cash from operating activities	<u>(290,911)</u>	<u>149,291</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	515,698	184,413
Reinvested interests and dividends	21,756	71,189
Purchase of investments	(315,854)	(408,482)
Net cash from investing activities	<u>221,600</u>	<u>(152,880)</u>
<b>Cash flows from noncapital financing activities:</b>		
Endowment contributions received	44,744	23,275
Net cash from noncapital financing activities	<u>44,744</u>	<u>23,275</u>
Net increase (decrease) cash and cash equivalents	(24,567)	19,686
Cash and cash equivalents, beginning of year	26,858	7,172
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,291</u>	<u>\$ 26,858</u>
<b>Supplemental disclosure of noncash related investing activities:</b>		
Unrealized gains on investments and beneficial interest assets	<u>\$ 1,996,187</u>	<u>\$ 128,210</u>
<b>Reconciliation of operating (loss) income to net cash from operating activities:</b>		
Operating (loss) income	\$ (240,146)	\$ 25,121
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Change in the provision for losses and discounts on contributions receivable	1,717	(3,383)
Lifetime membership	190,151	19,571
Changes in operating assets and liabilities:		
Membership dues receivable	10,007	34,382
Contribution receivable	11,621	(17,046)
Accounts receivable	(1,495)	33,136
Prepaid expenses	(7,923)	3,935
Accounts payable and accrued expenses	47,013	(87,369)
Unearned revenue	(238,217)	68,104
Due to the University	(63,639)	72,840
Net cash from operating activities	<u>\$ (290,911)</u>	<u>\$ 149,291</u>

See Accompanying Notes to Financial Statements

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. Summary of Significant Accounting Policies

#### Organization

The University of South Florida Alumni Association, Inc. (the “Alumni Association”) operated as a Direct Support Organization (“DSO”) for the University of South Florida (the “University” or “USF”) as provided for in Section 1004.28 of the Florida Statutes and assists in maintaining and enhancing a mutually beneficial relationship between the University and its alumni.

#### Basis of Presentation and Accounting

The accompanying financial statements have been prepared using U.S. generally accepted accounting principles (“U.S. GAAP”), including all effective applicable statements of the Government Accounting Standards Board (“GASB”). The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. To help ensure observance of limitation and restrictions placed on the use of resources, the accounts of the Alumni Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. For reporting purposes, these funds are combined into one column as a business-type activity as defined by GASB 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

The net position of the Alumni Association is reported in two categories as follows:

- Restricted – Includes funds *Restricted by donors - Expendable and Nonexpendable endowments*.
  - *Restricted – Expendable* – Represents funds that are subject to donor or grantor restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs include student scholarships.
  - *Restricted – Nonexpendable Endowments* – Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor restrictions for the benefit of various programs at the University. These programs include student scholarships. The corpus of the permanent endowments is retained and reported in nonexpendable endowments, while the net earnings or losses on endowment funds are included in expendable funds available for expenditure.
- Unrestricted – Represents funds that are not subject to donor-imposed restrictions and are available for carrying out the Alumni Association’s objectives.

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2021 and 2020

### **1. Summary of Significant Accounting Policies (continued)**

As a general practice, the Alumni Association applies restricted resources when an expense relating to the purpose restriction imposed by the outside party is incurred before unrestricted resources are used.

#### **Cash and Cash Equivalents**

The Alumni Association considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents except for balances included in the pooled investments.

#### **Investments**

The Alumni Association's investments are held in various pooled investment funds that are maintained by the University of South Florida Foundation, Inc. (the "Foundation"). Investments are carried at fair value based on published quotations from the national exchanges or over-the-counter market, except for alternative investments, which are discussed further in Note 4.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at date of gift. Except for investments that are not readily marketable or are held separately for specific reasons, all gifts of investments are liquidated and invested in accordance with the donor's intent.

Gifts that are invested in the endowment pool are assigned units of participation in the pool based upon their market value on the date of receipt and the most recently determined unit market value for the existing units of participation. Subsequent allocations of annual income of the independent pool are based upon the number of units of participation. Distributions are based upon the spending policy approved by the Foundation Board of Directors and follow the total return concept of utilizing both income and realized gains. The market value of the units of participation is calculated monthly.

Investment income (including interest and dividends and realized and unrealized gains and losses) is reflected in investment income in the accompanying statements of revenues, expenses, and changes in net position. Purchases and sales of investments are recorded on a trade-date basis. The cost of investments sold is determined using the specific identification method.

Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and investments not expected to be used during the Alumni Association's next fiscal year.

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2021 and 2020

### **1. Summary of Significant Accounting Policies (continued)**

#### **Contribution Receivable**

Contribution receivable represent written unconditional promises to give by donors. Contribution receivable, other than endowment contributions, are recognized as contribution revenue in the period pledged as long as they are verifiable, measurable, probable of collection, and they meet all the eligibility requirements specified by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Endowment contributions are recognized as contributions to permanent endowment funds at the time payment is received. Contribution receivable, less an allowance for uncollectible accounts, are reported at fair value determined using the discounted present value of expected cash flows. The allowance is made for uncollectible contribution receivable based upon the Alumni Association's analysis of past collection experience and other judgmental factors. The allowance captures the risk premium to bring the contribution receivable balance to a risk-adjusted expected cash flow.

#### **Membership Dues Receivable**

Membership dues receivable, less an allowance for uncollectible accounts, is reported at net realizable value using a historical default percentage on installment life memberships averaged over a period of five years.

#### **Lifetime Memberships**

Income for lifetime membership dues is recognized ratably over the estimated life of the membership, which is 20 years and is included in liabilities in the accompanying statements of revenues, expenses, and changes in net position.

#### **Beneficial Interest in Non-Trustee Split-Interest Agreements**

The Alumni Association receives financial interests in irrevocable split-interest agreements where the assets are invested and administered by outside trustees. The Foundation records the value of this interest as the net of the fair value of the underlying investments offset by the present value of the estimated future beneficiary payments over the expected life of the life beneficiaries, in accordance with GASB Statement No. 81, *Irrevocable Split-Interest Agreements*.

#### **Deferred Inflow of Resources from Split-Interest Agreements**

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The Alumni Association classifies changes in irrevocable split-interest agreements (beneficial interest assets) as deferred inflows of resources. These amounts will be recognized as revenue upon the distribution or termination of the split-interest agreements.

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2021 and 2020

### **1. Summary of Significant Accounting Policies (continued)**

#### **Income Taxes**

The Alumni Association has been granted tax-exempt status under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended. Income earned in the furtherance of the Alumni Association's tax-exempt purposes is exempt from federal and state income taxes. However, the Alumni Association is subject to income tax on unrelated business income. The Alumni Association is classified as a supporting organization operated in connection with, and functionally integrated with its supported organization as described in Section 509(a)(3).

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing coronavirus ("COVID-19") pandemic and the COVID-19 control responses.

#### **Operating and Nonoperating Activities**

The Alumni Association's operating income includes all revenues and expenses associated with the Alumni Association's daily activities. Investment earnings on restricted endowments are excluded from operating income and classified as nonoperating revenues. Contributions received for endowments are also excluded from operating and nonoperating activities and are classified as endowment contributions.

#### **Revenue Recognition**

Contributions are recognized as increases in net position when received provided all eligibility requirements have been met, with the exception of contributions to the endowment which are recognized when received. Unearned revenue on the accompanying statements of net position primarily represents annual memberships. Revenue is recognized as services are provided or ratably over 12 months for annual memberships.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**2. Membership Dues Receivable and Contribution Receivable, Net**

Membership dues receivable are expected to be realized in the following periods at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 115,112	\$ 110,715
Year two	2,970	20,808
	<u>118,082</u>	<u>131,523</u>
Less allowance for uncollectible memberships	<u>(26,104)</u>	<u>(27,821)</u>
	<u>\$ 91,978</u>	<u>\$ 103,702</u>

Contribution receivable are expected to be realized in the following periods at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 17,684	\$ 19,305
Year two	4,000	12,000
Year three	1,000	2,000
Year four	1,000	1,000
Year five	-	1,000
	<u>23,684</u>	<u>35,305</u>
Less allowance for uncollectible contributions	<u>(3,180)</u>	<u>(3,180)</u>
	<u>\$ 20,504</u>	<u>\$ 32,125</u>

Contribution receivable, net, are classified in the following net position classes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted, expendable	\$ 4,820	\$ 4,397
Unrestricted	15,684	27,728
	<u>\$ 20,504</u>	<u>\$ 32,125</u>

Endowment contributions totaling approximately \$39,590 and \$42,733, respectively, have not been recorded in the financial statements as these commitments will be recognized when the resources are received, and all eligibility requirements have been met.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**3. Equity in the University of South Florida Foundation, Inc. Investment Pools**

Investments are carried at fair value, except for certain investments in limited partnerships that are recorded using the fund's net asset value, which approximates fair value. The equity in the Foundation's Investment Pools (the "Pools") are allocated amongst the various types of investments at June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Money market funds	0.44%	0.82%
Fixed income	16.80%	12.61%
Domestic equities	36.85%	37.41%
International equities	26.37%	26.83%
Real asset equities	3.86%	2.97%
Private equity	7.45%	6.24%
Fixed income partnership	3.10%	6.81%
Real asset partnership	5.13%	6.31%
Total investments	<u>100%</u>	<u>100.00%</u>

Investment earnings consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends, net	\$ 21,726	\$ 71,189
Net realized gains and net changes in fair value of investments	<u>2,577,780</u>	<u>168,695</u>
Total investment gain	<u>\$ 2,599,506</u>	<u>\$ 239,884</u>

Cost and fair value information of the Alumni Association's Pools at June 30, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Cost	\$ 7,106,084	\$ 6,752,668
Fair value	\$ 10,541,770	\$ 8,163,864

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**4. Fair Value Measurements**

The Alumni Association categorizes its fair value measurements within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application*. Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect an entity's assumptions about how market participants would value the financial asset.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Level 1* – Inputs are quoted prices in active markets for identical assets or liabilities that the Alumni Association has the ability to access at the measurement date.

*Level 2* – Inputs other than quoted prices that are observable for the asset and liability, either *directly or indirectly*.

*Level 3* – Inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be developed based on the best information available in the circumstances.

The following valuation techniques and inputs were used to estimate the fair value of assets and liabilities carried at fair value on the statements of net position. There have been no changes to these techniques and inputs during the years ended June 30, 2021 and 2020.

*Equity in the University of South Florida Foundation, Inc.:* The Alumni Association invested all assets held for investment in the Pools managed by the Foundation. This investment is valued using the net asset value ("NAV") provided by the administrator of the fund, as a practical expedient. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is excluded from the valuation hierarchy.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**4. Fair Value Measurements (continued)**

*Beneficial interests in irrevocable split-interest agreements:* Beneficial interests are included in the Level 3 category and are made up of beneficial interests in perpetual trusts and charitable remainder trusts. The Alumni Association determines the value of these assets as measured by the fair value of the assets contributed to the trusts. For charitable remainder trusts, the income approach is utilized, and the trust assets are discounted to present value using the Internal Revenue Service (“IRS”) discount rate. The Alumni Association has assessed the interest rate used and no additional risk premium is added to this rate. This fair valuation is performed on an annual basis.

*Custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty, the Alumni Association will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Alumni Association’s investments are held by the Foundation. To mitigate custodial credit risk, the Foundation requires that all securities in separately managed accounts be held by a well-capitalized and financially secure third-party custodian bank. The Foundation monitors the financial viability of its custodian bank on a regular basis.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. Financial instruments that potentially subject the Alumni Association to concentrations of credit risk consist principally of pooled investments; however, the Alumni Association’s investments are held by the Foundation. The Foundation limits the amount of credit exposure to any one particular investment.

The Foundation has invested in certain investments without readily determinable values. These investments contain underlying funds, which may include limited partnerships. These investments entail liquidity risks to the extent that they are difficult to sell or convert to cash quickly at favorable prices. The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by the Foundation.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the value of an investment and is measured by duration. The Alumni Association’s investments are held by the Foundation. The Foundation mitigates interest rate risk by allocating to shorter duration strategies in its operating pool, as stipulated by the investment policy. The endowment investment policy requires that duration remain within 1.5 years relative to the asset class benchmark.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**4. Fair Value Measurements (continued)**

*Foreign currency risk* is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. The Alumni Association's investments are held by the Foundation. As of June 30, 2021 and 2020, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2021 and 2020, the Foundation's assets were held in U.S. currency, the currency risk on international and global assets is absorbed by the underlying investment managers.

Description	Total	Fair Value Measurement at June 30, 2021			NAV
		Level 1	Level 2	Level 3	
Operating pool	\$ 565,780	\$ -	\$ -	\$ -	\$ 565,780
Endowment pool	9,975,990	-	-	-	9,975,990
Total investments	<u>\$ 10,541,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,541,770</u>
Total beneficial interest assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,604</u>	<u>\$ -</u>

Description	Total	Fair Value Measurement at June 30, 2020			NAV
		Level 1	Level 2	Level 3	
Operating pool	\$ 542,933	\$ -	\$ -	\$ -	\$ 542,933
Endowment pool	7,620,931	-	-	-	7,620,931
Total investments	<u>\$ 8,163,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,163,864</u>

The primary long-term investment objective of the fund is to preserve the intergenerational equity of endowed gifts while providing a consistent source of funding for the University. This is accomplished by implementing an investment strategy to earn a total rate of return that exceeds the spending rate, plus long-term inflation, plus the costs of managing the investment fund. This results in a target return of about 8%.

The Program pays a quarterly dividend based on the results of the fund. Such dividends can either be withdrawn or reinvested. In addition, with a 60-day notice, the Alumni Association may withdraw either a portion of or its entire investment in the Pool; however, the Alumni Association is limited to one withdrawal, other than any quarterly dividend, per calendar year. There were no unfunded commitments related to the Program as of June 30, 2021 and 2020.

**5. Endowments**

The state of Florida adopted Florida Statute 1010.10, *Florida Uniform Management of Institutional Act* ("FUMIFA"), which provides policy for administration related to investment of endowment funds and the ability to spend net appreciation. The Alumni Association authorizes expenditures for the uses and purposes for which endowment funds were established.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**5. Endowments (continued)**

FUMIFA requires the Alumni Association Board of Directors to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUMIFA, the Alumni Association Board of Directors may expend so much of an endowment fund as the Alumni Association Board of Directors determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing.

In accordance with FUMIFA, the Alumni Association considers the following factors in making a determination to distribute or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Alumni Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Alumni Association and the University
7. The investment policies of the Alumni Association

As a result of this interpretation, the Alumni Association classifies as nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUMIFA.

The Alumni Association investment policy is to invest all assets available for investment in the Pools managed by the Foundation.

The Alumni Association endowment consists of approximately 40 and 40 at June 30, 2021 and 2020, respectively, individual funds established for a variety of purposes. The following displays the total ending endowment balances for nonexpendable endowments or donor-restricted endowments:

	<u>2021</u>	<u>2020</u>
Total endowment balance	\$ 1,153,514	\$ 1,218,691
Less appreciated portion of restricted expendable	(92,392)	(229,823)
<b>Permanently restricted nonexpendable balance</b>	<u>\$ 1,061,122</u>	<u>\$ 988,868</u>

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**6. Credit Card Licensing Agreement**

The Alumni Association has an agreement with a financial institution, whereby the Alumni Association will receive royalties from the issuance of credit cards and debit cards with the University's insignia. During the years ended June 30, 2021 and 2020, the Alumni Association received approximately \$214,000 and \$237,000, respectively, under this agreement. The Alumni Association's Board of Directors has allocated the entire amount of royalties relating to this agreement to support University alumni relations and student programs.

**7. Specialty License Plate Revenue**

The Alumni Association receives specialty license plate revenue from the state of Florida. Expenditures of such funds were in compliance with Florida Statutes 320.08056 and 320.08058 for the fiscal years ended June 30, 2021 and 2020.

**8. Related Party Transactions**

During the years ended June 30, 2021 and 2020, the Alumni Association received financial support from the University for approximately \$254,000 and \$693,000, respectively. This amount is included in contributions in the accompanying statements of revenues, expenses, and changes in net position. The Alumni Association has a convenience account held at the University in which money is transferred to pay the Alumni Association's payroll and other expenses incurred and due to the University. During the years ended June 30, 2021 and 2020, the Alumni Association transferred approximately \$1,615,000 and \$1,067,000, respectively, to the University to cover these expenses. At the end of fiscal years 2021 and 2020, the Alumni Association had a balance due to the University of \$19,693 and \$83,332, respectively. This amount is included in the accompanying statements of net position.

During the year ended June 30, 2020, the Alumni Association received financial support from the Foundation for approximately \$110,000. This amount is included in contributions in the accompanying statements of revenues, expenses, and changes in net position. This funding was used to fund development salaries. There were no such amounts during the year ended June 30, 2021.

The Foundation contributes certain administrative and other support services, such as legal and information management, to the Alumni Association in the amount of approximately \$75,000 for the year ended June 30, 2020. These amounts are included in contribution revenue and operating expenses in the accompanying statements of revenues, expenses, and changes in net position. There were no such amounts during the year ended June 30, 2021.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2021 and 2020

**8. Related Party Transactions (continued)**

Portions of the Alumni Association's contribution receivable balance (approximately \$3,000 and \$4,995 as of June 30, 2021 and 2020, respectively) are commitments made to the Alumni Association by several members of the Alumni Association's Board of Directors and employees of the Alumni Association.

**9. Contingencies**

On January 30, 2020, the World Health Organization declared the coronavirus COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Alumni Association operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Alumni Association is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

**10. Subsequent Events**

The Alumni Association has evaluated subsequent events from the net position date through October 14, 2021, the date which the financial statements were available to be issued and determined there are no items to disclose.

## *Supplemental Schedules*

University of South Florida Alumni Association, Inc.

Schedules of Functional Expenses

Years Ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Program Service Support:</b>		
Salaries and other supplements	\$ 1,441,858	\$ 1,487,978
Community relations	10,943	22,895
Travel and per diems	656	32,954
Supplies and equipment	1,372	1,716
Scholarships and awards	74,500	85,150
Conferences and seminars	2,906	3,879
Postage and printing	122,383	148,873
Repairs and maintenance	5,921	8,324
Service and independent contractors	88,095	88,051
Event services	74,319	176,408
Advertising	26,787	20,919
Bank fees	21,537	26,162
Insurance	46,968	48,646
Recovery for uncollectible pledges	(1,717)	(1,383)
Other	21,595	12,397
Total Program Service Support	<b>1,938,123</b>	<b>2,162,969</b>
<b>Fundraising Support:</b>		
Salaries and other supplements	209,058	203,884
Community relations	992	10,222
Travel and per diems	2,748	8,441
Supplies and equipment	14	34
Postage and printing	693	12,592
Service and independent contractors	-	1,900
Event services	21,296	64,818
Other	100	792
Total Fundraising Support	<b>234,901</b>	<b>302,683</b>
<b>Management Expenses:</b>		
Salaries and other supplements	161,409	148,211
Contributed payroll	-	75,000
Travel and per diems	55	1,405
Supplies and equipment	30	84
Conferences and seminars	1,692	3,598
Postage and printing	420	415
Service and independent contractors	36,308	37,055
Event services	1,000	1,004
Insurance	940	940
Total Management Expenses	<b>201,854</b>	<b>267,712</b>
Total Operating Expenses	<b>\$ 2,374,878</b>	<b>\$ 2,733,364</b>

# *Government Auditing Standards* Report

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

To the Board of Directors and Management  
University of South Florida Alumni Association, Inc.  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements the University of South Florida Alumni Association, Inc. (the “Alumni Association”), a direct support organization and component unit of the University of South Florida, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Alumni Association’s basic financial statements as listed in the table of contents, and have issued our report thereon dated October 14, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Alumni Association’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alumni Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Alumni Association’s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Alumni Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Cherry Bekaert LLP

Tampa, Florida  
October 14, 2021