

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

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
TABLE OF CONTENTS
JUNE 30, 2022 AND 2021

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Required Supplementary Information	
Management's Discussion and Analysis	4 – 13
Basic Financial Statements	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Statements of Fiduciary Net Position	17
Statements of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19 – 32
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 <i>Government Auditing Standards</i>	33 – 34
Supplemental Information	
Schedule of Expenditures of State Financial Assistance	35
Notes to Schedule of Expenditures of State Financial Assistance	36
Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida	37 – 38
Schedule of Findings and Questioned Costs	39

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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 is the responsibility of management and, 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.

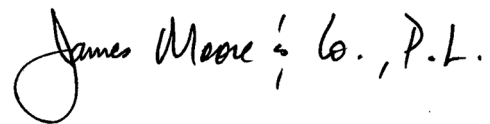
Supplementary Information

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, 2022, 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 9, 2022, 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial 'J'.

Gainesville, Florida
September 9, 2022

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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

2022

- The Foundation had a record-breaking fundraising year, achieving a historic high total of \$36.722 million in contributions, which included a donation of 189 acres of land valued at \$21 million and endowed contributions of \$4.550 million.
- The Foundation had \$6.232 million restricted pledges receivable that have been discounted to present value, and adjusted for allowance for doubtful accounts, to a net balance of \$5.796 million, which is recorded on the Statement of Net Position.
- The 2022 annual *Foundation Board Drive* raised over \$245,000. 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 2022 \$4.116 million was provided to 1,611 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 2022, the Foundation received an allotment of \$216,122 in gifts with a State match of twice the amount. The total available for first generation scholarship funding was \$648,365. There were 341 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, 2022 AND 2021
(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 2022, the Foundation received over 189 acres of land valued at \$21 million for future University expansion and use. Possible uses include academic support and enrichment, research, athletics, faculty and student life, residential, maintenance and auxiliary facilities, and more.
- *Foundation Investments.* In fiscal 2022, the endowed investments and cash and cash equivalents decreased by approximately \$16.808 million. This can be attributed to a decrease in the market value of endowed investments. The non-endowed net investment losses totaled approximately \$1.017 million, which is a decrease of approximately \$1.280 million. This is a result of decrease in the equities and bond markets.
- *Net Position increased* to \$188.750 million in fiscal 2022, an increase of approximately \$8.125 million or 4.5% over fiscal 2021. This increase includes operating revenue of \$19.404 million, operating expenses of \$16.025 million, and contributions to permanent endowments of \$4.550 million.

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.
- *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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

- *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.

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)

	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Change</u>
Assets							
Current assets	\$ 14,515	\$ 13,435	\$ 1,080	8.0%	\$ 5,857	\$ 7,578	129.4%
Noncurrent assets	174,949	167,474	7,475	4.5%	144,534	22,940	15.9%
Total assets	<u>\$189,464</u>	<u>\$180,909</u>	<u>\$ 8,555</u>	<u>4.7%</u>	<u>\$ 150,391</u>	<u>\$ 30,518</u>	<u>20.3%</u>
Liabilities:							
Current liabilities	\$ 714	\$ 284	\$ 430	151.4%	\$ 331	\$ (47)	-14.2%
Total liabilities	<u>714</u>	<u>284</u>	<u>430</u>	<u>151.4%</u>	<u>331</u>	<u>(47)</u>	<u>-14.2%</u>
Net position:							
Restricted:							
Restricted by donors – expendable	30,997	27,742	3,255	11.7%	23,401	4,341	18.6%
Permanent endowments – nonexpendable	126,542	141,106	(14,564)	-10.3%	115,066	26,040	22.6%
Net investment in capital	30,230	9,715	20,515	211.2%	9,692	23	0.2%
Unrestricted	981	2,062	(1,081)	-52.4%	1,901	161	8.5%
Total net position	<u>188,750</u>	<u>180,625</u>	<u>8,125</u>	<u>4.5%</u>	<u>150,060</u>	<u>30,565</u>	<u>20.4%</u>
Total liabilities and net position	<u>\$189,464</u>	<u>\$180,909</u>	<u>\$ 8,555</u>	<u>4.7%</u>	<u>\$ 150,391</u>	<u>\$ 30,518</u>	<u>20.3%</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

The Statements of Net Position are presented as part of the basic financial statements. For fiscal year ended June 30, 2022, the total net position increased by \$8.125 million or 4.5%. This year's activity included the following:

Current Assets

2022

- *Current assets* totaled \$14.515 million, which is an increase of approximately \$1,080,000 or 8.0%.
- *Cash and cash equivalents* (including restricted cash and cash equivalents previously residing in non-current assets) totaled \$10.602 million, representing 77.4% of the current asset balance.
- *Pledges receivable, current portion* totaled \$2.433 million, an increase of approximately \$628,600, or 34.8%.
- *Note receivable, current portion* totaled \$1.390 million, an increase of \$344,000 or 33.06%. The TSI note receivable payment schedule was accelerated, additional principal payments will be made starting in July 2022.
- *Prepaid expenses* totaled approximately \$87,000, an increase of \$58,000. This increase is mainly attributed to a large increase in deposits for events to be held in fiscal 2023 and for annual subscription services.

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%.

Non-current assets

2022

- *Non-current assets* totaled \$174.949 million, which is an increase of approximately \$7.475 million, or 4.5%.
- *Foundation investments* (excluding restricted cash equivalents now residing in current assets) totaled \$145.881 million, a net decrease of approximately \$9.513 million or 6.1%.
- *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. In FY21, the payment schedule was amended and accelerated, the note receivable is now scheduled to be paid in full in February 2025. At June 30, 2022, the balance totaled \$3,510,723.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

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 \$204,675 at June 30, 2022.

- *Pledges receivable.* The non-current portion totaled \$3.363 million, an increase of approximately \$250,700 or 8.1%.
- *Capital Assets.* Capital assets totaled \$30.230 million, an increase of \$20.4 million. This increase is attributed to a land donation of over 189 acres valued at \$21 million in fiscal 2022. Athletic equipment with a depreciated value of approximately \$600,000 was expensed and transferred to UNF in fiscal 2022.
- *Other assets* totaled \$3,006, a decrease of \$629,000. The decrease is attributed to interest receivable payments made by TSI during fiscal 2022 and a settlement of the remaining TSI interest receivable balance of \$477,000 at year-end. TSI incurred maintenance costs associated with the \$21 million land donation discussed above in the Capital Assets. Foundation and TSI consolidated the debt owed between the two entities, resulting in a settlement of the interest receivable balance.

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 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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

Liabilities

2022

- *Current liabilities* totaled \$714,000, an increase of \$430,000. The current liabilities include accounts payable and accrued expenses, salaries payable, annuities payable, and notes payable. The net increase is primarily due to the increase in expense accruals at year-end.

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.

Net Position

The net position at June 30, 2022, totaled \$188.750 million, an increase of approximately \$8.125 million or 4.5%.

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.

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 2022, the Statements of Revenues, Expenses, and Changes in Net Position reflect a \$8.125 million increase in net position or 4.5%.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

Condensed Summary of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Change</u>
Operating revenue							
Contributions	\$ 32,172	\$ 8,398	\$ 23,774	283.1%	\$ 6,968	\$ 1,430	20.5%
Program	634	455	179	39.3%	789	(334)	-42.3%
Investment income (loss)	<u>(13,402)</u>	<u>36,594</u>	<u>(49,996)</u>	<u>-136.6%</u>	<u>3,638</u>	<u>32,956</u>	<u>905.9%</u>
Total operating revenues	19,404	45,447	(26,043)	-57.3%	11,395	34,052	298.8%
Operating expenses	<u>16,025</u>	<u>10,342</u>	<u>5,683</u>	<u>55.0%</u>	<u>10,092</u>	<u>250</u>	<u>2.5%</u>
Operating gain	<u>3,379</u>	<u>35,105</u>	<u>(31,726)</u>	<u>-90.4%</u>	<u>1,303</u>	<u>33,082</u>	<u>2,594.1%</u>
Non-operating revenue (expenses):							
Interest income from notes	195	222	(27)	-12.0%	-	222	-100.0%
Transfer of endowment to MOCA	-	(6,257)	6,257	-100.0%	-	(6,257)	-100.0%
Contributions to permanent endowments	<u>4,550</u>	<u>1,496</u>	<u>3,054</u>	<u>204.1%</u>	<u>1,169</u>	<u>327</u>	<u>28.0%</u>
Non-operating income (loss)	<u>4,745</u>	<u>(4,539)</u>	<u>9,284</u>	<u>-204.5%</u>	<u>1,169</u>	<u>(5,708)</u>	<u>-488.3%</u>
Change in net position	8,124	30,567	(22,442)	-73.4%	2,472	28,094	1,136.5%
Net position, beginning of year	<u>180,625</u>	<u>150,059</u>	<u>30,566</u>	<u>20.4%</u>	<u>147,587</u>	<u>2,472</u>	<u>1.7%</u>
Net position, end of year	<u>\$188,750</u>	<u>\$180,625</u>	<u>\$ 8,125</u>	<u>4.5%</u>	<u>\$ 50,059</u>	<u>\$ 30,566</u>	<u>20.4%</u>

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
JUNE 30, 2022 AND 2021
(Continued)

The Statements of Revenues, Expenses and Changes in Net Position presented as part of the basic financial statements. For fiscal year 2022, the Foundation's change in net position before contributions to endowments was approximately \$3.575 million. The Statements' highlights are as follows:

Operating Revenues

2022

- *Operating revenues* totaled \$19.404 million, a decrease of approximately \$26.043 million or 57.3%. The decrease was mainly attributed to a decrease in investment market values, partially offset by an increase in non-endowed contributions.
- *The non-endowed contributions* totaled \$32.172 million, which is an increase of approximately \$23.774 million. This increase is mainly attributed to the \$21 million land donation. Contributions shown under Operating Revenues are exclusive of the contributions to permanent endowments.
- *Program revenues* totaled \$634,000, an increase of approximately \$179,000 or 39.1%. The increase is primarily attributed to more non-gift revenue received in FY22 of \$128,000.
- *Investment earnings* totaled a \$13.402 million net loss, which is a decrease of approximately \$49.996 million. Investment earnings include interest and dividends and net appreciation (depreciation) in investments. The endowed funds are managed by Perella Weinberg Partners /Agility Comprehensive Solutions.

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.

Operating Expenses

2022

Operating expenses totaled \$16.025 million, which is an increase of approximately \$5.683 million or 55.0%. The following details several expense categories:

- *Education Programs* totaled \$5.089 million, an increase of approximately \$3.667 million.
- *Scholarships, Fellowships and Study Abroad.* The Foundation disbursed \$4.116 million to the University for educational support to students. This is an increase of approximately \$1.034 million or 33.6%. The amounts disbursed by category:

	Amount
Scholarships	\$ 3,465,823
Fellowships	302,912
Study Abroad	130,817
First Generation	216,122
	\$ 4,115,674

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021
(Continued)

- *Program fees* totaled \$4.869 million, an increase of approximately \$391,000 or 8.72%. The net increase is primarily due to the amount paid to University departments for their services.
- *Professional Fees* totaled \$276,517, a decrease of approximately \$184,000 or 39.9%. The decrease represents the expenses associated with the consultants, training, and workshop facilitator fees.
- *General and administrative expenses* totaled \$1.056 million, an increase of approximately \$157,000 or 17.5%. These expenses are unrestricted operational expenses.
- The Foundation recognized an expense of approximately \$617,000 for the reimbursement of land maintenance costs since 2004 related to the land donation of 189 acres valued at \$21,000,000.

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:

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

- *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.

Additions to Endowments

2022

- *Permanent Endowments.* The Foundation received \$4.550 million in donor contributions to its permanent endowments. Of the \$4.550 million, \$2.459 million was contributions received in for 22 new permanent 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, 2022 AND 2021
(Continued)

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 10,602,440	\$ 10,554,567
Prepaid expenses	87,470	29,297
Notes receivable	1,391,710	1,045,940
Pledges receivable, net	2,433,191	1,804,627
Total current assets	14,514,811	13,434,431
Noncurrent assets		
Investments	138,899,414	150,047,748
Notes receivable	2,453,513	3,861,500
Capital assets not being depreciated	30,230,000	9,230,000
Capital assets being depreciated, net	-	590,922
Pledges receivable, net	3,362,760	3,112,066
Other assets	3,006	632,990
Total noncurrent assets	174,948,693	167,475,226
Total assets	\$ 189,463,504	\$ 180,909,657
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 700,314	\$ 149,780
Salaries payable - due to UNF	13,449	29,070
Note payable	-	105,446
Total current liabilities	713,763	284,296
Total liabilities	\$ 713,763	\$ 284,296
<u>NET POSITION</u>		
Net position		
Restricted		
Restricted by donors - expendable	\$ 30,997,470	\$ 27,741,671
Permanent endowments - nonexpendable	126,541,695	141,106,152
Net investment in capital assets	30,230,000	9,715,476
Unrestricted	980,576	2,062,062
Total net position	\$ 188,749,741	\$ 180,625,361

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating revenues		
Contributions	\$ 32,172,229	\$ 8,398,335
Other operating revenue	633,742	455,484
Investment income (loss)	(13,401,707)	36,593,063
Total operating revenues	19,404,264	45,446,882
Operating expenses		
Program services:		
Education programs	5,089,401	1,422,327
Scholarships, fellowships and study abroad	4,115,674	3,082,095
	9,205,075	4,504,422
Supporting services:		
Program fees	4,869,117	4,478,611
Professional fees	276,517	460,064
	5,145,634	4,938,675
Other expenses:		
Land maintenance costs – RDA	617,693	-
General and administrative expenses	1,056,393	899,021
	1,674,086	899,021
Total operating expenses	16,024,795	10,342,118
Operating income	3,379,469	35,104,764
Non-operating income (expense)		
Interest income from notes receivable	195,022	221,623
Transfer of endowment to MOCA	-	(6,256,883)
Contributions to permanent endowments	4,549,889	1,496,118
Total non-operating income (expense)	4,744,911	(4,539,142)
Change in net position	8,124,380	30,565,622
Net position , beginning of year	180,625,361	150,059,739
Net position , end of year	<u>\$ 188,749,741</u>	<u>\$ 180,625,361</u>

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Received from private donors	\$ 11,365,791	\$ 7,370,096
Received from other sources	633,742	455,484
Payments to the University for programs	(9,205,075)	(4,504,422)
Payments to employees for services	(5,032,139)	(4,811,930)
Payments to suppliers for goods and services	(1,316,166)	(883,584)
Net cash used in operating activities	(3,553,847)	(2,374,356)
Cash flows from capital and related financing activities		
Payment on note payable	(105,446)	(150,833)
Cash flows from noncapital and related financing activities		
Contributions to permanent endowments	4,549,889	1,496,687
Cash flows from investing activities		
Purchases of investments	(24,129,105)	(23,075,819)
Interest, dividends, and management fees, net	(585,116)	(518,544)
Proceeds from sales of investments	22,460,848	25,267,046
Interest received on related party notes receivable	348,433	304,202
Repayments of related party notes receivable	1,062,217	195,194
Net cash provided by (used in) investing activities	(842,723)	2,172,079
Net increase in cash and cash equivalents	47,873	1,143,577
Cash and cash equivalents, beginning of year	10,554,567	9,410,990
Cash and cash equivalents, end of year	\$ 10,602,440	\$ 10,554,567
Reconciliation of operating income to net cash used in operating activities		
Operating income	\$ 3,379,469	\$ 35,104,764
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	113,495	126,744
Change in allowance and discount of pledges receivable	(223,344)	(72,129)
Donation of land	(21,000,000)	-
Transfer of capital assets to the University	477,427	-
Settlement of interest receivable	476,682	-
Investment (income) losses	13,401,707	(36,593,632)
Changes in assets and liabilities:		
Prepaid expenses	(58,173)	(2,724)
Pledges receivable	(655,914)	(950,274)
Other assets	(109)	(5,372)
Accounts payable and accrued expenses	534,913	18,267
Net cash used in operating activities	\$ (3,553,847)	\$ (2,374,356)

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current assets		
Investments at fair value	\$ 6,981,519	\$ 8,054,339
Total assets	\$ 6,981,519	\$ 8,054,339
<u>NET POSITION</u>		
Net position		
Restricted - permanent endowments	\$ 6,981,519	\$ 8,054,339
Total net position	\$ 6,981,519	\$ 8,054,339

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Additions		
Investment earnings	\$ -	\$ 777,418
Transfer of endowment from Foundation to MOCA	-	6,256,883
Total additions, net	-	7,034,301
Deductions		
Investment losses	689,111	-
Endowment management fees	118,902	148,922
Spending distribution	264,807	262,771
Total deductions	1,072,820	411,693
Net increase (decrease) in fiduciary net position	(1,072,820)	6,622,608
Net position, beginning of year	8,054,339	1,431,731
Net position, end of year	\$ 6,981,519	\$ 8,054,339

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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 and makes annual distributions to MOCA. These funds are accounted for as fiduciary funds in accordance with GASB 84.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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, 2022 and 2021, 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, 2022.

(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, 2022 AND 2021

(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, 2022 AND 2021

(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, 2022, and 2021 cash included bank demand accounts, money market funds, and “2a7-like” investment pools subject to immediate withdrawal and consisted of the following:

	2022	2021
Cash on deposit	\$ 94,550	\$ 5,208,150
Money market funds	3,033,212	2,532,752
FL CLASS	7,474,678	2,813,665
	\$ 10,602,440	\$ 10,554,567

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.

FL CLASS is rated by S&P Global Ratings. The current rating is ‘AAAm.’

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, 2022, the dollar weighted average days to maturity (WAM) of FLCLASS at September 30, 2021 is 47 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 September 30, 2021, is 84 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, 2022 AND 2021

(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>2022</u>	<u>2021</u>
U.S. Government bonds and agency securities	\$ 9,216,798	\$ 8,711,033
Fixed Income - corporate bonds	6,889,482	5,852,395
Fixed income mutual funds	24,163	14,400
Equity mutual funds	734,807	1,203,818
Stocks	100,402	16,846
Absolute return fund	14,898,132	15,296,555
Global equities fund	62,241,615	85,732,308
Global fixed income fund	3,557,715	2,893,365
Hedge funds	11,144	11,678
Private equity funds	39,569,242	32,550,058
Real assets fund	8,637,433	5,819,631
	<u>\$ 145,880,933</u>	<u>\$ 158,102,087</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, 2022 and 2021, the quality ratings of the Foundation's investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2022 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	\$ 9,216,798	\$ -	\$ 99,502	\$ 8,899,774	\$ -	\$ 217,522
Fixed Income - corporate bonds	6,889,482	5,415,878	1,067,249	100,070	306,285	-
Fixed income mutual funds	24,163	-	-	-	-	24,163
Equity mutual funds	734,807	-	-	-	-	734,807
Stock	100,402	-	-	-	-	100,402
Absolute return fund	14,898,132	-	-	-	-	14,898,132
Global equities fund	62,241,615	-	-	-	-	62,241,615
Global fixed income fund	3,557,715	-	-	-	-	3,557,715
Hedge funds	11,144	-	-	-	-	11,144
Private equity funds	39,569,242	-	-	-	-	39,569,242
Real assets fund	8,637,433	-	-	-	-	8,637,433
	<u>\$ 145,880,933</u>	<u>\$ 5,415,878</u>	<u>\$ 1,166,751</u>	<u>\$ 8,999,844</u>	<u>\$ 306,285</u>	<u>\$ 129,992,175</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Investment Type	Fair Value	2021 Quality Rating				
		A	AA	AAA	BBB	Unrated
U. S. Government bonds and agency securities	\$ 8,711,033	\$ -	\$ 1,093,149	\$ 7,426,244	\$ -	\$ 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>\$ 158,102,087</u>	<u>\$ 3,960,301</u>	<u>\$ 2,234,540</u>	<u>\$ 7,587,856</u>	<u>\$ 589,857</u>	<u>\$ 143,730,299</u>

Money market funds are presented in 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, 2022, the Foundation's investments and money market funds had the following maturities:

	Investment Maturities (in Years)		
	Fair Value	Less than 1	1 – 5
U.S. Government Bonds and Agency Securities	\$ 9,216,798	\$ 488,076	\$ 8,728,720
Fixed income - corporate bonds	6,889,482	3,291,031	3,598,451
Money market funds	10,507,890	10,507,890	-
	<u>\$ 26,614,170</u>	<u>\$ 14,286,997</u>	<u>\$ 12,327,171</u>

Concentration Risk. The Foundation's portfolio includes alternative investment funds ("Funds") as of June 30, 2022 and 2021, 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, 2022 AND 2021

(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, 2022 and 2021:

	2022	2021
Net unrealized and realized gains	\$(12,816,591)	\$ 37,111,607
Investment management fees	(871,920)	(757,956)
Interest and dividends	286,804	239,412
	\$(13,401,707)	\$ 36,593,063

Endowment fees. In accordance with the policies of the Foundation’s Board, the Foundation received \$2,146,260 and \$1,787,855 in investment management fees from the permanently endowed accounts during the years ended June 30, 2022 and 2021, respectively. These fees are to be utilized for unrestricted purposes. The investment management fees are calculated as 1.62% and 1.55% of the respective fair value of the endowed investments for the years ended June 30, 2022 and 2021, 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 \$3,175,779 and \$322,000 as of June 30, 2022 and 2021, 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, 2022 AND 2021

(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, 2022 and 2021. 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, 2022 and 2021.

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. government bonds and agency securities	\$ -	\$ 9,216,798	\$ -	\$ 9,216,798
Fixed income – Corporate bonds	-	6,889,482	-	6,889,482
Fixed income mutual funds	24,163	-	-	24,163
Equity mutual funds	734,807	-	-	734,807
Equities	100,402	-	-	100,402
Total	<u>\$ 859,372</u>	<u>\$ 6,106,280</u>	<u>\$ -</u>	<u>16,965,652</u>
Investments measured at NAV (a)				<u>128,915,281</u>
Investments at fair value (b)				<u>\$ 145,880,933</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government bonds and agency securities	\$ -	\$ 8,711,033	\$ -	\$ 8,711,033
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	\$ 14,563,429	\$ -	15,785,493
Investments measured at NAV (a)				142,316,594
Investments at fair value (b)				\$ 158,102,087

- (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 \$6,981,519 and \$8,054,339 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

	Fair Value at June 30, 2022	Fair Value at June 30, 2021	Unfunded Commitments	Withdrawal Frequency	Redemption Notice Period
Absolute return fund	\$ 14,898,132	\$ 15,296,555	None	Monthly, Quarterly, Semi-Annually, Annually	45 to 105 days
Global equities fund	62,241,615	85,732,308	None	Monthly, Quarterly, Semi-Annually, Annually	6 to 90 days
Global fixed income fund	3,557,715	2,893,365	None	Daily, Bi-Monthly, Monthly, Quarterly Quarterly, Semi-	5 – 60 days
Hedge funds	11,144	11,678	None	Annually, Annually	45 – 105 days
Private equity funds	39,569,242	32,550,058	\$ 37,750,860	None	None
Real assets fund	8,637,433	5,819,631	None	Quarterly	60 days

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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, 2022, 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	3,264,433
Agility Private Capital III	3,449,991
Agility Private Capital IV	2,565,148
Agility Private Capital V	1,586,420
Agility Private Capital VI	4,830,671
Agility Second Opportunity I	2,310,415
Agility Private Capital VII	6,962,502
Total Private Capital	\$ 26,147,080
Agility - Private Real Assets I	\$ 3,043,503
Agility - Private Real Assets II	1,427,116
Agility - Private Real Assets III	1,486,782
Agility – Private Real Assets IV	5,646,379
Total Real Assets	\$ 11,603,780

(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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

At June 30, 2022 and 2021, the loan totaled \$3,510,723 and \$4,446,000 respectively, and the related loan interest receivable totaled \$- and \$630,092, 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, 2022 and 2021 the loan principal totaled \$334,500 and \$461,440, respectively.

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

<u>Year Ended</u>	<u>Amount</u>
2023	\$ 1,391,710
2024	1,485,145
2025	968,368
Total	<u>\$ 3,845,223</u>

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$9,230,000	\$ 21,000,000	\$ -	\$30,230,000
Capital assets being depreciated:				
Arena Scoring and Display System	607,114	-	(607,114)	-
Arena Scoring Table	173,204	-	(173,204)	-
Baseball Scoreboard, Signage, and related Equipment	354,628	-	(354,628)	-
Less accumulated depreciation	(544,023)	(113,495)	657,518	-
Total capital assets, being depreciated, net	590,923	(113,495)	(477,428)	-
Total capital assets, net	<u>\$9,820,923</u>	<u>\$ 20,886,505</u>	<u>\$ (477,428)</u>	<u>\$30,230,000</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$9,230,000	\$ -	\$ -	\$ 9,230,000
Capital assets being depreciated:				
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
Less accumulated depreciation	(417,279)	(126,744)	-	(544,023)
Total capital assets, being depreciated, net	<u>612,221</u>	<u>(21,298)</u>	<u>-</u>	<u>590,923</u>
Total capital assets, net	<u>\$9,842,221</u>	<u>\$ (21,298)</u>	<u>\$ -</u>	<u>\$ 9,820,923</u>

Depreciation expense for property and equipment was \$113,495 and \$126,744 for the years ended June 30, 2022 and 2021, 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, 2022.

Pledges receivable as of June 30, 2022, are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,508,445
2024	1,509,382
2025	1,170,397
2026	432,500
2027	611,000
Subtotal pledges	<u>6,231,724</u>
Less: Allowance for bad debts	(179,256)
Less: Present value discounts	(256,517)
Total pledges receivable, net	<u>5,795,951</u>
Less: Current portion of pledges receivable	<u>(2,433,191)</u>
Long-term portion of pledges receivable	<u>\$ 3,362,760</u>

Unrestricted and endowment pledge receivables not recognized in the Statements of Net Position under the provisions of GASB 33 were \$15,005,153 and \$13,599,014 at June 30, 2022 and 2021, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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 matured in August 2021.

A summary of changes in note payable activity for the year ended June 30, 2022 is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
\$ 105,446	\$ -	\$ (105,446)	\$ -	\$ -

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

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
\$ 150,833	\$ 105,446	\$ (150,833)	\$ 105,446	\$ 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 \$2,861,122 and \$552,646 for the years ended June 30, 2022 and 2021, 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 \$419,672 and \$399,056 for the years ended June 30, 2022 and 2021, 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 \$586,140 and \$142,651 at June 30, 2022 and 2021, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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 \$140,521 and \$106,168 for the years ended June 30, 2022 and 2021, respectively.

(10) Restricted Net Position:

At June 30, 2022 and 2021, 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, 2022 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, 2022 and 2021, 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.

**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***

Independent Auditors' Report

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 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 9, 2022.

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 of 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.

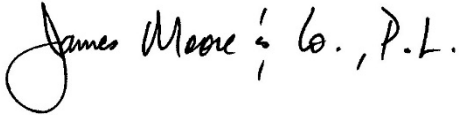
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
September 9, 2022

SUPPLEMENTAL INFORMATION

**UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

CSFA No.	48.074		
Agency:	State of Florida Department of Education and Commissioner of Education		
Program:	University Major Gift Challenge Grant Program		
		Total State Expenditures	<u>\$ 2,757,693</u>

CSFA No.	76.034		
Agency:	Florida Department of Highway Safety and Motor Vehicles		
Program:	University of North Florida License Plate Project		
		Total State Expenditures	<u>\$ 34,598</u>

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this schedule.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

(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, 2022.

(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, 2022. 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, 2022, 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, 2022. 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, 2022.

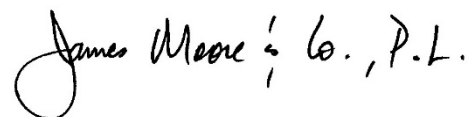
Report on Internal Control over Compliance

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial 'J'.

Gainesville, Florida
September 9, 2022

**UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.656? _____ yes X none reported

Dollar threshold used to distinguish between type A and type B projects: \$750,000

Identification of major State projects:

CSFA Number	Project Name
48.074	University Major Gift Challenge Grant Program

- B. Financial Statement Findings:** None.
- C. State Project Findings and Questioned Costs:** None.
- D. Summary Schedule of Prior Audit Findings:** None.
- E. Corrective Action Plan:** Not applicable as there are no current year findings.
- F. Management Letter:** No management letter is required because there were no findings required to be reported in the management letter (Section 10.656(3)(e), Rules of the Auditor General).