

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022

	<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 – 31
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>	32 – 33
Supplemental Information	
Schedule of Expenditures of State Financial Assistance	34
Notes to Schedule of Expenditures of State Financial Assistance	35
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	36 – 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 business-type activities and aggregate remaining fund information 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, 2023 and 2022, 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 respective financial position of the business-type activities and the aggregate remaining fund information of the Foundation as of June 30, 2023 and 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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* (GAS), 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 and GAS 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 and GAS, 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.

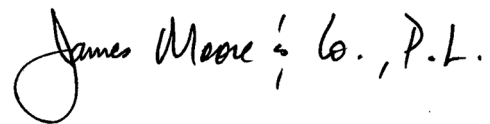
Supplementary Information

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, 2023, 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. The 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 8, 2023, 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, looped initial "J".

Gainesville, Florida
September 8, 2023

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022

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, 2023 and 2022. 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

2023

- The Foundation had another strong fundraising year in 2023 achieving \$16.1 million in contributions and a record high donor count of 19,540 donors.
- The Foundation had \$7.3 million restricted pledges receivable that have been discounted to present value, and adjusted for allowance for doubtful accounts, to a net balance of \$6.7 million, which is recorded on the Statement of Net Position.
- The 2023 annual *Foundation Board Drive* raised over \$296,000. 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 2023 \$4.3 million was provided to 1,636 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 2023, the Foundation received an allotment of \$197,484 in gifts with a State match of twice the amount. The total available for first generation scholarship funding was \$592,450. There were 313 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, 2023 AND 2022
(Continued)

- The endowment increase includes new endowed gifts of \$3.3 million and increased market value for the overall endowed portfolio. The non-endowed investments benefitted from an improved fixed income market and new non- endowed gifts of \$12.8 million.
- *Net Position increased* to \$200.4 million in fiscal 2023, an increase of approximately \$11.6 million or 6.2% over fiscal 2022. This increase includes operating revenue of \$26.2 million, operating expenses of \$17.9 million, and contributions to permanent endowments of \$3.3 million.

2022

- The Foundation had a record-breaking fundraising year, achieving a historic high total of \$36.7 million in contributions, which included a donation of 189 acres of land valued at \$21 million and endowed contributions of \$4.6 million.
- The Foundation had \$6.2 million restricted pledges receivable that have been discounted to present value, and adjusted for allowance for doubtful accounts, to a net balance of \$5.8 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 \$4.1 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.
- 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 \$16.8 million. This can be attributed to a decrease in the market value of endowed investments. The non-endowed net investment losses totaled approximately \$1.0 million, which is a decrease of approximately \$1.3 million. This is a result of decrease in the equities and bond markets.
- *Net Position increased* to \$188.8 million in fiscal 2022, an increase of approximately \$8.1 million or 4.5% over fiscal 2021. This increase includes operating revenue of \$19.4 million, operating expenses of \$16.0 million, and contributions to permanent endowments of \$4.6 million.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

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>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Change</u>
Assets							
Current assets	\$ 11,938	\$ 14,515	\$ (2,577)	-17.8%	\$ 13,435	\$ 1,080	8.0%
Noncurrent assets	189,433	174,949	14,484	8.3%	167,474	7,475	4.5%
Total assets	<u>\$201,371</u>	<u>\$189,464</u>	<u>\$ 11,907</u>	<u>6.3%</u>	<u>\$ 180,909</u>	<u>\$ 8,555</u>	<u>4.7%</u>
Liabilities:							
Current liabilities	<u>\$ 973</u>	<u>\$ 714</u>	<u>\$ 259</u>	<u>36.3%</u>	<u>\$ 284</u>	<u>\$ 430</u>	<u>151.4%</u>
Total liabilities	<u>973</u>	<u>714</u>	<u>259</u>	<u>36.3%</u>	<u>284</u>	<u>430</u>	<u>151.4%</u>
Net position:							
Restricted:							
Restricted by donors – expendable	32,304	30,997	1,307	4.2%	27,742	3,255	11.7%
Permanent endowments – nonexpendable	134,215	126,542	7,673	-6.1%	141,106	(14,564)	-10.3%
Net investment in capital	30,230	30,230	-	0%	9,715	20,515	211.2%
Unrestricted	<u>3,649</u>	<u>981</u>	<u>2,668</u>	<u>272.0%</u>	<u>2,062</u>	<u>(1,081)</u>	<u>-52.4%</u>
Total net position	<u>200,398</u>	<u>188,750</u>	<u>11,648</u>	<u>6.2%</u>	<u>180,625</u>	<u>8,125</u>	<u>4.5%</u>
Total liabilities and net position	<u>\$201,371</u>	<u>\$189,464</u>	<u>\$ 11,907</u>	<u>6.3%</u>	<u>\$ 180,909</u>	<u>\$ 8,555</u>	<u>4.7%</u>

The Statements of Net Position are presented as part of the basic financial statements. For fiscal year ended June 30, 2023, the total net position increased by \$11.6 million or 6.2%. This year's activity included the following:

Current Assets

2023

- *Current assets* totaled \$11.9 million, which is a decrease of approximately \$2.6 million or 17.8%.
- *Cash and cash equivalents* (including restricted cash and cash equivalents previously residing in non-current assets) totaled \$7.4 million, representing 62.3% of the current asset balance.
- *Pledges receivable, current portion* totaled \$2.9 million, an increase of approximately \$517,000, or 21.23%.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

- *Note receivable, current portion* totaled \$1.5 million, an increase of \$93,000 or 6.7%. The TSI note receivable payment schedule was accelerated, additional principal payments began in July 2022.
- *Prepaid expenses* totaled approximately \$65,600, a decrease of \$22,000 or 25.0%. This decrease is mainly attributed to a decrease in deposits for events to be held in fiscal 2024 and for annual subscription services.

2022

- *Current assets* totaled \$14.5 million, which is an increase of approximately \$1.1 million or 8.0%.
- *Cash and cash equivalents* (including restricted cash and cash equivalents previously residing in non-current assets) totaled \$10.6 million, representing 77.4% of the current asset balance.
- *Pledges receivable, current portion* totaled \$2.4 million, an increase of approximately \$628,600, or 34.8%.
- *Note receivable, current portion* totaled \$1.4 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.

Non-current assets

2023

- *Non-current assets* totaled \$189.4 million, which is an increase of approximately \$14.5 million, or 8.3%.
- *Foundation investments* (excluding restricted cash equivalents now residing in current assets) totaled \$154.5 million, a net increase of approximately \$15.6 million or 11.2%.
- *Notes receivable.* UNF Training & Service Institute, Inc. has a current line of credit for \$4.8 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, 2023, the non-current balance totaled \$900,206.

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 \$68,923 at June 30, 2023.

- *Pledges receivable.* The non-current portion totaled \$3.7 million, an increase of approximately \$356,000 or 10.6%.
- *Capital Assets.* Capital assets totaled \$30.2 million, equal to the same amount in the prior year.
- *Other assets* totaled \$3,006, equal to the same amount in the prior year.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

2022

- *Non-current assets* totaled \$174.9 million, which is an increase of approximately \$7.5 million, or 4.5%.
- *Foundation investments* (excluding restricted cash equivalents now residing in current assets) totaled \$145.9 million, a net decrease of approximately \$9.5 million or 6.1%.
- *Notes receivable.* UNF Training & Service Institute, Inc. has a current line of credit for \$4.8 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.

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 \$3.4 million, an increase of approximately \$250,700 or 8.1%.
- *Capital Assets.* Capital assets totaled \$30.2 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.

Liabilities

2023

- *Current liabilities* totaled \$973,000, an increase of \$259,000. 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.

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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Net Position

The net position at June 30, 2023, \$200.4 million, an increase of approximately \$11.6 million or 6.2%.

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 2023, the Statements of Revenues, Expenses, and Changes in Net Position reflect a \$11.6 million increase in net position or 43.4%.

Condensed Summary of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Change</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Change</u>
Operating revenue							
Contributions	\$ 12,763	\$ 32,172	\$ (19,409)	-60.3%	\$ 8,398	\$ 23,774	283.1%
Program	761	634	127	20.0%	455	179	39.3%
Investment income (loss)	<u>12,639</u>	<u>(13,402)</u>	<u>26,041</u>	<u>-194.3%</u>	<u>36,594</u>	<u>(49,996)</u>	<u>-136.6%</u>
Total operating revenues	26,163	19,404	6,759	34.8%	45,447	(26,043)	-57.3%
Operating expenses	<u>17,943</u>	<u>16,024</u>	<u>1,919</u>	<u>12.0%</u>	<u>10,342</u>	<u>5,683</u>	<u>55.0%</u>
Operating gain	<u>8,220</u>	<u>3,380</u>	<u>4,840</u>	<u>143.2%</u>	<u>35,105</u>	<u>(31,726)</u>	<u>-90.4%</u>
Non-operating revenue (expenses):							
Interest income from notes	141	195	(54)	-27.7%	222	(27)	-12.0%
Transfer of endowment to MOCA	-	-	-	0%	(6,257)	6,257	-100.0%
Contributions to permanent endowments	<u>3,287</u>	<u>4,550</u>	<u>(1,263)</u>	<u>-27.8%</u>	<u>1,496</u>	<u>3,054</u>	<u>204.1%</u>
Non-operating income (loss)	<u>3,428</u>	<u>4,745</u>	<u>(1,317)</u>	<u>-27.8%</u>	<u>(4,539)</u>	<u>9,284</u>	<u>-204.5%</u>
Change in net position	11,648	8,125	3,523	43.4%	30,566	(22,441)	-73.4%
Net position, beginning of year	<u>188,750</u>	<u>180,625</u>	<u>8,125</u>	<u>4.5%</u>	<u>150,059</u>	<u>30,566</u>	<u>20.4%</u>
Net position, end of year	<u>\$200,398</u>	<u>\$188,750</u>	<u>\$ 11,648</u>	<u>6.2%</u>	<u>\$ 180,625</u>	<u>\$ 8,125</u>	<u>4.5%</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

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.

The Statements of Revenues, Expenses and Changes in Net Position presented as part of the basic financial statements. For fiscal year 2023, the Foundation's change in net position before contributions to endowments was approximately \$8.4 million. The Statements' highlights are as follows:

Operating Revenues

2023

- *Operating revenues* totaled \$26.2 million, an increase of approximately \$6.8 million or 34.8%. The increase was mainly attributed to an increase in investment market values.
- *The non-endowed contributions* totaled \$12.8 million, which is a decrease of approximately \$19.4 million. This decrease is mainly attributed to the \$21 million land donation in FY22. Contributions shown under Operating Revenues are exclusive of the contributions to permanent endowments.
- *Program revenues* totaled \$761,000, an increase of approximately \$127,000 or 20.0%. The increase is primarily attributed to more non-gift event revenue received in FY23.
- *Investment earnings* totaled a \$12.6 million net gain, which is an increase of approximately \$26.0 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.

2022

- *Operating revenues* totaled \$19.4 million, a decrease of approximately \$26.0 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 \$32.2 million, which is an increase of approximately \$23.8 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 \$13.4 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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

Operating Expenses

2023

Operating expenses totaled \$17.9 million, which is an increase of approximately \$1.9 million or 12.0%. The following details several expense categories:

- *Education Programs* totaled \$6.6 million, an increase of approximately \$1.5 million.
- *Scholarships, Fellowships and Study Abroad.* The Foundation disbursed \$4.3 million to the University for educational support to students. This is an increase of approximately \$200,00, or 4.9%. The amounts disbursed by category:

	Amount
Scholarships	\$ 3,689,848
Fellowships	285,149
Study Abroad	144,356
First Generation	197,484
	\$ 4,316,837

- *Program fees* totaled \$5.8 million, an increase of approximately \$938,000 or 19.3%. The net increase is primarily due to the amount paid to University departments for their services.
- *Professional Fees* totaled \$399,000, an increase of approximately \$122,000 or 44.2%. The increase represents the expenses associated with the consultants, auditors, training, and workshop facilitator fees.
- *General and administrative expenses* totaled \$856,000, a decrease of approximately \$200,000 or 19.0%. These expenses are unrestricted operational expenses.

2022

Operating expenses totaled \$16.0 million, which is an increase of approximately \$5.7 million or 55.0%. The following details several expense categories:

- *Education Programs* totaled \$5.1 million, an increase of approximately \$3.7 million.
- *Scholarships, Fellowships and Study Abroad.* The Foundation disbursed \$4.1 million to the University for educational support to students. This is an increase of approximately \$1.0 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, 2023 AND 2022
(Continued)

- *Program fees* totaled \$4.9 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 \$1.1 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.

Additions to Endowments

2023

- *Permanent Endowments.* The Foundation received \$3.3 million in donor contributions to its permanent endowments. Of the \$3.3 million, \$369,000 was contributions received in for 23 new permanent endowments.

2022

- *Permanent Endowments.* The Foundation received \$4.6 million in donor contributions to its permanent endowments. Of the \$4.6 million, \$2.5 million was contributions received in for 22 new permanent endowments.

Statements of Cash Flows

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

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

Fiduciary Funds

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

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

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:

Olga Igolnikov, Assistant Vice President of Advancement Operations
Alumni Hall, 1 UNF Drive
Jacksonville, FL 32224-2648
(904) 620-5250

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 7,438,336	\$ 10,602,440
Prepaid expenses	65,600	87,470
Notes receivable	1,484,382	1,391,710
Pledges receivable, net	2,949,778	2,433,191
Total current assets	11,938,096	14,514,811
Noncurrent assets		
Investments	154,511,451	138,899,414
Notes receivable	969,129	2,453,513
Pledges receivable, net	3,719,261	3,362,760
Capital assets not being depreciated	30,230,000	30,230,000
Other assets	3,006	3,006
Total noncurrent assets	189,432,847	174,948,693
Total assets	\$ 201,370,943	\$ 189,463,504
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 898,555	\$ 700,314
Salaries payable - due to UNF	74,024	13,449
Total current liabilities	972,579	713,763
Total liabilities	\$ 972,579	\$ 713,763
<u>NET POSITION</u>		
Net position		
Restricted		
Restricted by donors - expendable	\$ 32,304,285	\$ 30,997,470
Permanent endowments - nonexpendable	134,214,886	126,541,695
Net investment in capital assets	30,230,000	30,230,000
Unrestricted	3,649,193	980,576
Total net position	\$ 200,398,364	\$ 188,749,741

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, 2023 AND 2022

	2023	2022
Operating revenues		
Contributions	\$ 12,763,249	\$ 32,172,229
Other operating revenue	760,659	633,742
Investment income (loss)	12,639,386	(13,401,707)
Total operating revenues	26,163,294	19,404,264
Operating expenses		
Program services:		
Education programs	6,565,032	5,089,401
Scholarships, fellowships and study abroad	4,316,837	4,115,674
	10,881,869	9,205,075
Supporting services:		
Program fees	5,806,669	4,869,117
Professional fees	398,609	276,517
	6,205,278	5,145,634
Other expenses:		
Land maintenance costs – RDA	-	617,693
General and administrative expenses	856,051	1,056,393
	856,051	1,674,086
Total operating expenses	17,943,198	16,024,795
Operating income	8,220,096	3,379,469
Non-operating income		
Interest income from notes receivable	141,061	195,022
Contributions to permanent endowments	3,287,466	4,549,889
Total non-operating income	3,428,527	4,744,911
Change in net position	11,648,623	8,124,380
Net position , beginning of year	188,749,741	180,625,361
Net position , end of year	\$ 200,398,364	\$ 188,749,741

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, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Received from private donors	\$ 11,890,161	\$ 11,365,791
Received from other sources	760,659	633,742
Payments to the University for programs	(10,881,869)	(9,205,075)
Payments to employees for services	(6,205,278)	(5,032,139)
Payments to suppliers for goods and services	(575,365)	(1,316,166)
Net cash used in operating activities	(5,011,692)	(3,553,847)
Cash flows from capital and related financing activities		
Payment on note payable	-	(105,446)
Cash flows from noncapital and related financing activities		
Contributions to permanent endowments	3,287,466	4,549,889
Cash flows from investing activities		
Purchases of investments	(31,093,307)	(24,129,105)
Interest, dividends, and management fees, net	(477,953)	(585,116)
Proceeds from sales of investments	28,598,609	22,460,848
Interest received on related party notes receivable	141,061	348,433
Repayments of related party notes receivable	1,391,712	1,062,217
Net cash used in investing activities	(1,439,878)	(842,723)
Net increase (decrease) in cash and cash equivalents	(3,164,104)	47,873
Cash and cash equivalents, beginning of year	10,602,440	10,554,567
Cash and cash equivalents, end of year	\$ 7,438,336	\$ 10,602,440
Reconciliation of operating income to net cash used in operating activities		
Operating income	\$ 8,220,096	\$ 3,379,469
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	-	113,495
Change in allowance and discount of pledges receivable	(161,023)	(223,344)
Donation of land	-	(21,000,000)
Transfer of capital assets to the University	-	477,427
Settlement of interest receivable	-	476,682
Investment (income) losses	(12,639,386)	13,401,707
Changes in assets and liabilities:		
Prepaid expenses	21,870	(58,173)
Pledges receivable	(712,065)	(655,914)
Other assets	-	(109)
Accounts payable and accrued expenses	258,816	534,913
Net cash used in operating activities	\$ (5,011,692)	\$ (3,553,847)

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, 2023 AND 2022

		Custodial Funds	
		2023	2022
<u>ASSETS</u>			
Current assets			
Investments at fair value		\$ 8,658,194	\$ 6,981,519
Total assets		\$ 8,658,194	\$ 6,981,519
<u>NET POSITION</u>			
Net position			
Restricted - permanent endowments		\$ 8,658,194	\$ 6,981,519
Total net position		\$ 8,658,194	\$ 6,981,519

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, 2023 AND 2022

	Custodial Funds	
	2023	2022
Additions		
Investment earnings	\$ 614,199	\$ -
Contributions	1,500,000	-
Total additions	2,114,199	-
Deductions		
Investment losses	-	689,111
Administrative expense	144,037	118,902
Spending distribution	293,487	264,807
Total deductions	437,524	1,072,820
Net increase (decrease) in fiduciary net position	1,676,675	(1,072,820)
Net position, beginning of year	6,981,519	8,054,339
Net position, end of year	\$ 8,658,194	\$ 6,981,519

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, 2023 AND 2022

(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 custodial funds.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 at fair value, based primarily 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, 2023 and 2022, 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, 2023 and 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, 2023 AND 2022

(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.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(n) **Recently issued accounting pronouncements**—GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. The Foundation evaluated this statement for the year ended June 30, 2023 and determined there was no material impact to the financial statements.

(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, 2023, and 2022, cash included bank demand accounts, money market funds, and “2a7-like” investment pools subject to immediate withdrawal and consisted of the following:

	2023	2022
Cash on deposit	\$ 20,225	\$ 94,550
Money market funds	1,112,372	3,033,212
FL CLASS	6,305,739	7,474,678
	\$ 7,438,336	\$ 10,602,440

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. The dollar weighted average days to maturity (WAM) of FLCLASS at March 31, 2023 is 28 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 March 31, 2023 is 60 days.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(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.

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>2023</u>	<u>2022</u>
Global equities	\$ 82,838,510	\$ 63,076,824
Private equity funds	30,372,442	30,437,938
Real asset funds	18,895,081	17,768,737
Absolute return and hedge funds	9,411,533	14,909,276
Global fixed income funds	9,321,395	3,581,878
U.S. Government bonds and agency securities	8,700,132	9,216,798
Fixed income - corporate bonds	3,630,552	6,889,482
	<u>\$ 163,169,645</u>	<u>\$ 145,880,933</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, 2023 and 2022, the quality ratings of the Foundation’s investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2023 Quality Rating</u>			
		<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>Unrated</u>
Global equities	\$ 82,838,510	\$ -	\$ -	\$ -	\$ 82,838,510
Private equity funds	30,372,442	-	-	-	30,372,442
Real asset funds	18,895,081	-	-	-	18,895,081
Absolute return and hedge funds	9,411,533	-	-	-	9,411,533
Global fixed income funds	9,321,395	-	-	-	9,321,395
U. S. Government bonds and agency securities	8,700,132	-	-	8,700,132	-
Fixed Income - corporate bonds	3,630,552	2,776,928	662,509	191,115	-
	<u>\$ 163,169,645</u>	<u>\$ 2,776,928</u>	<u>\$ 662,509</u>	<u>\$ 8,891,247</u>	<u>\$ 150,838,961</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Investment Type	Fair Value	2022 Quality Rating				
		A	AA	AAA	BBB	Unrated
Global Equities	\$ 63,076,824	\$ -	\$ -	\$ -	\$ -	\$ 63,076,824
Private equity funds	30,437,938	-	-	-	-	30,437,938
Real asset funds	17,768,737	-	-	-	-	17,768,737
Absolute return and hedge funds	14,909,276	-	-	-	-	14,909,276
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	-
Global fixed income funds	3,581,878	-	-	-	-	3,581,878
	<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>

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, 2023, 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	\$ 8,700,132	\$ 2,405,060	\$ 6,295,072
Money market funds	7,418,111	7,418,111	-
Fixed income - corporate bonds	3,630,552	1,279,516	2,351,036
	<u>\$ 19,748,795</u>	<u>\$ 11,102,687</u>	<u>\$ 8,646,108</u>

Concentration Risk. The Foundation's portfolio includes alternative investment funds ("Funds") as of June 30, 2023 and 2022, 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, 2023 AND 2022

(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, 2023 and 2022:

	2023	2022
Net unrealized and realized gains	\$ 13,117,339	\$ (12,816,591)
Investment management fees	(850,858)	(871,920)
Interest and dividends	372,905	286,804
	\$ 12,639,386	\$ (13,401,707)

Endowment fees. In accordance with the policies of the Foundation’s Board, the Foundation received \$1,832,672 and \$2,146,260 in investment management fees from the permanently endowed accounts during the years ended June 30, 2023 and 2022, respectively. These fees are to be utilized for unrestricted purposes. The investment management fees are calculated as 1.01% and 1.62% of the respective fair value of the endowed investments for the years ended June 30, 2023 and 2022, 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 \$1,840,626 and \$3,175,779 as of June 30, 2023 and 2022, 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, 2023 AND 2022

(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 during the years ended June 30, 2023 and 2022. 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, 2023 and 2022.

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
U.S. government bonds and agency securities	\$ -	\$ 8,700,132	\$ -	\$ 8,700,132
Fixed income – Corporate bonds	-	3,630,552	-	3,630,552
Global equities	731,903	-	-	731,903
Global fixed income funds	60,876	-	-	60,876
Total	<u>\$ 792,779</u>	<u>\$ 12,330,684</u>	<u>\$ -</u>	<u>13,123,463</u>
Investments measured at NAV (a)				150,046,182
Investments at fair value (b)				<u>\$ 163,169,645</u>

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

	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
Global equities	835,209	-	-	835,209
Global fixed income funds	24,163	-	-	24,163
Total	\$ 859,372	\$ 16,106,280	\$ -	16,965,652
Investments measured at NAV (a)				128,915,281
Investments at fair value (b)				\$ 145,880,933

- (a) *In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Position.*
- (b) *Included within the disclosures of fair value above are amounts totaling \$8,658,194 and \$6,981,519 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

	Fair Value at June 30, 2023	Fair Value at June 30, 2022	Unfunded Commitments	Withdrawal Frequency	Redemption Notice Period
Global equities	\$ 82,106,607	\$ 62,241,615	None	Monthly, Quarterly, Semi-Annually, Annually	30 to 90 days
Private equity funds	30,372,442	30,437,938	\$ 16,427,227	None	None
Real asset funds	18,895,081	17,768,737	\$ 6,833,362	Quarterly	60 days
Absolute return and hedge funds	9,411,533	14,909,276	None	Monthly, Quarterly, Semi-Annually, Annually	45 to 105 days
Global fixed income funds	9,260,519	3,557,715	None	Daily, Bi-Monthly, Monthly, Quarterly	5 – 60 days

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 90 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, 2023, 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	544,988
Agility Private Capital III	300,586
Agility Private Capital IV	2,364,534
Agility Private Capital V	1,133,161
Agility Private Capital VI	3,393,128
Agility Second Opportunity I	849,903
Agility Private Capital VII	6,663,427
Total Private Capital	\$ 16,427,227
Agility - Private Real Assets I	\$ 286,634
Agility - Private Real Assets II	1,250,400
Agility - Private Real Assets III	1,022,934
Agility – Private Real Assets IV	4,273,394
Total Real Assets	\$ 6,833,362

(4) **Notes Receivable:**

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

At June 30, 2023 and 2022, the loan totaled \$2,249,812 and \$3,510,723, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(a) **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, 2023 and 2022, the loan principal totaled \$203,699 and \$334,500, respectively.

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

Year Ended	Amount
2024	\$ 1,484,382
2025	969,129
Total	\$ 2,453,511

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 30,230,000	\$ -	\$ -	\$ 30,230,000

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being 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	\$9,820,923	\$ 20,886,505	\$ (477,428)	\$30,230,000

There was no depreciation expense for the year ended June 30, 2023. Depreciation expense for property and equipment was \$113,495 for the year ended June 30, 2022.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(6) Pledges Receivable:

Pledge receivables are recorded in the Statements of Net Position for restricted accounts at net realizable value. The Foundation has recorded pledges receivable as the present value of future expected payments at June 30, 2023 as follows:

Year Ending June 30,	Amount
2024	\$ 3,041,008
2025	1,701,827
2026	981,250
2027	586,750
2028	955,000
Subtotal pledges	7,265,835
Less: Allowance for bad debts	(390,537)
Less: Present value discounts	(206,259)
Total pledges receivable, net	6,669,039
Less: Current portion of pledges receivable	(2,949,778)
Long-term portion of pledges receivable	\$ 3,719,261

At June 30, 2023, the discount rate was 4.6% and the allowance of doubtful accounts was estimated at 3% of outstanding pledges.

Effective July 1, 2011, the State of Florida match under the Trust Fund for Major Gifts is temporarily suspended by the Legislature for donations received for this program on or after June 30, 2011. The program may be restarted after \$200 million of the backlog for programs have been matched. The State of Florida did not provide funds for this program during the fiscal year; therefore, these pledges are not recognized. The ultimate collection of these funds is dependent upon future appropriations for this program by the State of Florida Legislature. Pledges receivables not recognized in the Statements of Net Position were \$14,223,167 and \$15,005,153 at June 30, 2023 and 2022, respectively.

(7) 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 \$3,165,259 and \$2,861,122 for the years ended June 30, 2023 and 2022, respectively.

The Foundation reimburses the University of North Florida Training and Services Institute, Inc. (the "Institute") for certain Foundation operating costs that are paid by the Institute. These amounts totaled \$316,571 and \$419,672 for the years ended June 30, 2023 and 2022, respectively.

The University reimburses the Foundation for certain University related operating costs that are paid by the Foundation. These amounts totaled \$706,382 and \$586,140 for the years ended June 30, 2023 and 2022, respectively.

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(8) 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 \$173,691 and \$140,521 for the years ended June 30, 2023 and 2022, respectively.

(9) Restricted Net Position:

At June 30, 2023 and 2022, 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, 2023 and 2022 was 4% and 4.05%, respectively, 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, 2023 and 2022, 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate remaining fund information of University of North Florida Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2023, 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 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

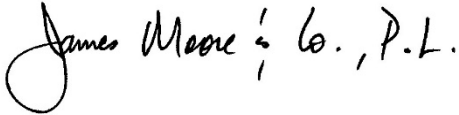
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

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 distinct "Co." at the end.

Gainesville, Florida
September 8, 2023

SUPPLEMENTAL INFORMATION

UNIVERSITY OF NORTH FLORIDA FOUNDATION, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/Pass Through Grantor/Program Title	CSFA Number	Expenditures
STATE AGENCY		
Florida Department of Education		
Direct:		
University Major Gift Challenge Program	48.074	\$ 3,049,458
Total Florida Department of Education		<u>3,049,458</u>
Florida Department of Highway Safety and Motor Vehicles		
Direct:		
University of Florida License Plate Project	76.035	25,970
Total Department of Highway Safety and Motor Vehicles		<u>25,970</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE		<u><u>\$ 3,075,428</u></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, 2023

(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, 2023.

(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, 2023. 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, 2023, 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
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

Opinion on 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 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, 2023. The Foundation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, Government Auditing Standards, and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

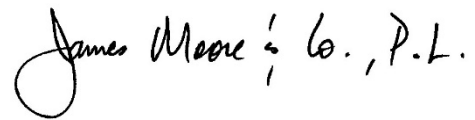
Report on Internal Control over Compliance

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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 initial "J" and a stylized "M".

Gainesville, Florida
September 8, 2023

