



Foundation

UNIVERSITY OF CENTRAL FLORIDA

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE
UNIVERSITY OF CENTRAL FLORIDA)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	13
STATEMENTS OF CASH FLOWS	14
NOTES TO FINANCIAL STATEMENTS	16
SUPPLEMENTARY INFORMATION	
SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	45
ENDOWMENTS UNDER MAJOR GIFT PROGRAM	47
OTHER INFORMATION (UNAUDITED)	
DIRECTORS AND TERMS	51
EX-OFFICIO MEMBERS (VOTING)	52
OFFICERS	53
EXECUTIVE COMMITTEE AND EXECUTIVE SUPPORT STAFF	54
COMPLIANCE SECTION	
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>	55
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, <i>RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA</i>	57
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	60
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	62



INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Central Florida Foundation
Orlando, Florida

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the University of Central Florida Foundation (the Foundation), a discrete component unit of the University of Central Florida, as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the University of Central Florida Foundation as of June 30, 2024 and 2023, and the results of its operations and its cash flows 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*, 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 University of Central Florida Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 University of Central Florida 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 opinions. 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 *Government Auditing Standards* 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 Government Auditing Standards, 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 University of Central Florida 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 University of Central Florida 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 the management's discussion and analysis 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, *Rules of the Auditor General*, the Endowments Under Major Gift Program, and the Schedules of Revenues, Expenses, and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 audits 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 GAAS. In our opinion, the Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, *Rules of the Auditor General*, the Endowments Under Major Gift Program and the Schedules of Revenues, Expenses, and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the directors and terms, ex-officio members (voting), officers, and executive committee and executive support staff but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 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 the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Orlando, Florida
October 23, 2024

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

This management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University of Central Florida Foundation (the Foundation), including its two blended component units, Knights Crossing Student Housing, LLC and the University of Central Florida Real Estate Foundation, LLC, as of and for the years ended June 30, 2024, 2023, and 2022 and should be read in conjunction with the financial statements and notes thereto.

The Foundation is presented as a discrete component unit of the University of Central Florida (the University or UCF) and is certified as a direct support organization. The Foundation's purpose is to solicit, receive, hold, invest, and administer charitable contributions for the University.

Overview of Financial Statements

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). See the notes to the financial statements for a summary of the Foundation's significant accounting policies.

Pursuant to GASB Statement No. 35, *Basic Financial Statements—Management's Discussion and Analysis—for Public Colleges and Universities*, the Foundation's basic financial statements include: the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and other required supplemental information.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, deferred inflows of resources, and liabilities of the Foundation and presents the financial position of the Foundation at a specified time. Assets and deferred outflows less liabilities and deferred inflows equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition. Net position in capital assets represents funds that consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Statement of Net Position (Continued)

The following schedule is a summary of the Foundation's statements of net position as of June 30, 2024 and the two preceding fiscal years.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current Assets	\$ 62,276,422	\$ 61,430,052	\$ 47,120,615
Noncurrent Assets	<u>597,450,796</u>	<u>577,993,951</u>	<u>536,734,601</u>
Total Assets	<u>659,727,218</u>	<u>639,424,003</u>	<u>583,855,216</u>
Liabilities:			
Current Liabilities	11,444,384	13,313,950	5,864,340
Noncurrent Liabilities	<u>51,343,373</u>	<u>55,975,031</u>	<u>60,579,616</u>
Total Liabilities	<u>62,787,757</u>	<u>69,288,981</u>	<u>66,443,956</u>
Deferred Inflows of Resources	107,716,860	104,900,030	114,076,652
Net Position:			
Net Investment in Capital Assets	59,382,943	66,139,409	63,411,978
Restricted - Expendable	174,122,772	142,336,686	109,097,882
Restricted - Nonexpendable Endowments	160,659,572	156,006,374	150,905,487
Unrestricted	<u>95,057,314</u>	<u>100,752,523</u>	<u>79,919,261</u>
Total Net Position	<u>\$ 489,222,601</u>	<u>\$ 465,234,992</u>	<u>\$ 403,334,608</u>

The Foundation's assets totaled \$659.7 million as of June 30, 2024. This balance reflects an increase of \$20.3 million or 3.2%, compared to June 30, 2023. Current assets make up \$62.3 million of total assets and consist primarily of funds available to meet current obligations, pledges receivable that are expected to be collected within the next fiscal year and amounts due under lease agreements through fiscal year 2025. Noncurrent assets make up \$597.5 million of the Foundation's total assets and consist primarily of buildings and infrastructure, net of accumulated depreciation, along with investments expected to be held, restricted cash, pledges receivable expected to be collected, beyond the next fiscal year and amounts due under lease agreements beyond fiscal year 2025.

The Foundation's assets totaled \$639.4 million as of June 30, 2023. This balance reflects an increase of \$55.6 million or 9.5%, compared to June 30, 2022. Current assets make up \$61.4 million of total assets and consist primarily of funds available to meet current obligations, pledges receivable that are expected to be collected within the next fiscal year and amounts due under lease agreements through fiscal year 2024. Noncurrent assets make up \$578.0 million of the Foundation's total assets and consist primarily of buildings and infrastructure, net of accumulated depreciation, along with investments expected to be held, restricted cash, pledges receivable expected to be collected, beyond the next fiscal year and amounts due under lease agreements beyond fiscal year 2024.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The Statement of Net Position (Continued)

The Foundation's liabilities totaled \$62.8 million as of June 30, 2024. This balance reflects a decrease of \$6.5 million, or 9.4% as compared to June 30, 2023. Total liabilities include current obligations of \$11.4 million and obligations arising beyond the next 12 months of \$51.3 million. The total decrease in liabilities relates primarily to the scheduled principal payments made on long-term debt. Deferred inflows of resources represent future lease revenues to be recognized under current lease agreements. Deferred inflows of resources increased by \$2.8 million primarily related to renewals in the current year, partially offset by the amortization of the lease deferral.

The Foundation's liabilities totaled \$69.3 million as of June 30, 2023. This balance reflects an increase of \$2.8 million, or 4.3% as compared to June 30, 2022. Total liabilities include current obligations of \$13.3 million and obligations arising beyond the next 12 months of \$56.0 million. The total increase in liabilities relates primarily to the timing of payments to the university, partially offset by scheduled principal payments made on long-term debt. Deferred inflows of resources represent future lease revenues to be recognized under current lease agreements. Deferred inflows of resources decreased by \$9.2 million primarily related to the amortization of the lease deferral.

Net position as of June 30, 2024, was \$489.2 million, which reflects an increase of \$24.0 million compared to June 30, 2023.

Net position as of June 30, 2023, was \$465.2 million, which reflects an increase of \$61.9 million compared to June 30, 2022.

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

The statement of revenues, expenses, and changes in net position presents the Foundation's revenue and expense activity for a given fiscal year. GASB Statement No. 35 categorizes revenue and expenses as either operating or nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2024 and the two preceding fiscal years.

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

	2024	2023	2022
Operating Revenue	\$ 98,808,977	\$ 104,062,565	\$ 26,270,779
Operating Expenses	91,286,795	58,874,660	56,774,013
Operating Gain (Loss)	7,522,182	45,187,905	(30,503,234)
Nonoperating Revenues	11,920,732	11,557,929	11,815,486
Gain (Loss) Before Endowment Contributions	19,442,914	56,745,834	(18,687,748)
Endowment Contributions	4,544,695	5,154,550	8,421,165
Change in Net Position	23,987,609	61,900,384	(10,266,583)
Net Position - Beginning of Year	465,234,992	403,334,608	413,601,191
Net Position - End of Year	<u>\$ 489,222,601</u>	<u>\$ 465,234,992</u>	<u>\$ 403,334,608</u>

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal year ended June 30, 2024 and the two preceding fiscal years.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contributions	\$ 44,749,109	\$ 50,661,987	\$ 29,666,875
Rental Income	18,373,443	32,079,062	22,111,013
Investment Income (Loss)	34,390,488	19,845,039	(26,821,793)
Other Operating Revenues	<u>1,295,937</u>	<u>1,476,477</u>	<u>1,314,684</u>
Total Operating Revenues	<u>\$ 98,808,977</u>	<u>\$ 104,062,565</u>	<u>\$ 26,270,779</u>

Total operating revenues of \$98.8 million for fiscal year 2024 includes contributions, investment earnings, receipts from rental activity, and other miscellaneous operating activity. Contributions were \$44.7 million, a decrease of \$5.9 million over 2023 primarily due to capital contributions for the construction of the College of Nursing's academic building on the University's Academic Health Science Campus in the prior year. Rental income decreased by \$13.7 million over 2023 primarily due to a significant decrease in funds received for surplus rent under the Knights Crossing/Knights Court ground lease as further discussed in Note 5. Investment income was \$34.4 million, an increase of \$14.5 million over 2023 due to more favorable market returns.

Total operating revenues of \$104.1 million for fiscal year 2023 includes contributions, investment earnings, receipts from rental activity, and other miscellaneous operating activity. Contributions were \$50.7 million, an increase of \$21.0 million over 2022 primarily due to capital contributions for the construction of the College of Nursing's academic building on the University's Academic Health Science Campus. Rental income increased by \$10.0 million over 2022 primarily due to funds received for surplus rent under the Knights Crossing/Knights Court ground lease as further discussed in Note 5. Investment income was \$19.8 million, an increase of \$46.7 million over 2022 due to more favorable market conditions as the prior year experienced investment losses.

Expenses are categorized as operating or nonoperating. The majority of the Foundation's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Foundation has chosen to report the expenses by their functional classifications on the statement of revenues, expenses, and changes in net position.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The following summarizes the operating expenses by function that incurred the operating activities for the fiscal year ended June 30, 2024 and the two preceding fiscal years.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Expenses:			
Building Operations	\$ 11,851,938	\$ 11,954,053	\$ 10,846,462
Athletics	15,945,955	3,325,389	6,170,634
Fundraising	7,211,117	7,101,229	6,229,369
Management and General	13,351,473	9,608,716	8,417,823
Student Aid	6,212,405	5,057,916	4,711,699
Academic Programs	8,709,962	10,049,806	10,781,240
Alumni Relations	4,777,253	3,795,134	3,635,225
General Support to UCF	22,316,781	6,721,886	4,652,657
Research	909,911	1,260,531	1,328,904
Total Operating Expenses	<u>\$ 91,286,795</u>	<u>\$ 58,874,660</u>	<u>\$ 56,774,013</u>

Total operating expenses of \$91.3 million for fiscal year 2024 include program related costs, general support to the University, fundraising, maintenance, and operations of the rental property and other management and general expenses related to support of the Foundation's mission. This reflects an increase of \$32.4 million or 55.0% over the same period ended June 30, 2023. This was primarily related to one-time charges of \$9.8 million to support Athletics and \$8.3 million for General Support to UCF as further discussed in Note 8. Additional increases related to overall increase in restricted gift support of approximately \$5.1 million to the university and athletics, coupled with increases in Management and General costs.

Total operating expenses of \$58.9 million for fiscal year 2023 include program related costs, general support to the University, fundraising, maintenance, and operations of the rental property and other management and general expenses related to support of the Foundation's mission. This reflects an increase of \$2.1 million or 3.7% over the same period ended June 30, 2022, due primarily to increased General Support to UCF, Building Operations, and Management and General costs, which was partially offset by reductions in Athletics expenses.

Nonoperating revenues of \$11.9 million and \$11.6 million for fiscal years 2024 and 2023, respectively, consist primarily of in-kind salary support from the University for University employees dedicated to advancement efforts. The corresponding expenses are included in the operating expense section of the statements of revenues, expenses, and changes in net position. During fiscal years 2024 and 2023, nonoperating revenue increased \$0.4 million and decreased \$0.3 million, respectively.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Statement of Cash Flows

The statement of cash flows provides information about the Foundation's financial results by reporting the major sources and uses of cash, cash equivalents, and restricted cash. This statement will assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due and its need for external financing. Cash flows from operating activities show the net cash used by typically ongoing operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. For purposes of cash flow, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2024 and the two preceding fiscal years.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Flows Provided (Used) by:			
Operating Activities	\$ (8,730,969)	\$ 23,294,094	\$ (338,756)
Investing Activities	10,282,031	(17,836,696)	(36,083,386)
Capital and Related Financing Activities	(5,081,214)	(6,255,184)	(6,288,338)
Noncapital Financing Activities	<u>4,421,360</u>	<u>5,011,899</u>	<u>8,215,731</u>
Change in Cash, Cash Equivalents, and Restricted Cash	891,208	4,214,113	(34,494,749)
Cash, Cash Equivalents, and Restricted Cash:			
Beginning of Year	<u>22,934,362</u>	<u>18,720,249</u>	<u>53,214,998</u>
End of Year	<u>\$ 23,825,570</u>	<u>\$ 22,934,362</u>	<u>\$ 18,720,249</u>

Cash, cash equivalents, and restricted cash increased by \$0.9 million during fiscal year 2024, primarily due to cash provided by investing activities as investment sales exceeded purchases and cash provided by noncapital financing activities due to cash received from endowment contributions. This was partially offset by cash flows used by operating activities of \$8.7 million, primarily related to an increase in payments made to support university programs, scholarships, and athletics coupled with cash used by capital and financing related activities of \$5.1 million related primarily to scheduled debt payments.

Cash, cash equivalents, and restricted cash increased by \$4.2 million during fiscal year 2023, primarily due to cash provided by operating activities due to an increase in receipts from contributions and rental activities and cash provided by noncapital financing activities due to cash received from endowment contributions. This was partially offset by cash flows used by investing activities of \$17.8 million as investment purchases exceeded sales coupled with cash used by capital and financing related activities of \$6.3 million related primarily to scheduled debt payments.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Capital Assets and Long-Term Debt Activity

The Foundation has \$114.6 million and \$126.0 million of capital assets, included in noncurrent assets on the accompanying statement of net position as of June 30, 2024 and 2023, respectively. These balances are net of accumulated depreciation of \$44.1 million and \$40.9 million, respectively. The following table summarizes capital assets as of June 30, 2024 and the two preceding years.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property and Equipment, Net	\$ 1,535,052	\$ 1,810,525	\$ 2,111,625
Rental and Other Property, Net	57,904,027	60,344,453	61,813,940
Nondepreciable Assets - Primarily Land	<u>55,194,864</u>	<u>63,804,431</u>	<u>63,806,413</u>
Total Capital Assets	<u>\$ 114,633,943</u>	<u>\$ 125,959,409</u>	<u>\$ 127,731,978</u>

The balance at June 30, 2024 is comprised of 48.2% land totaling \$55.2 million, 50.5% of buildings and associated improvements totaling \$57.9 million, and the remaining 1.3% of other property and equipment. During fiscal year 2024, significant changes in capital assets related primarily to land contributed to the university and depreciation expenses, partially offset by renovation costs on existing buildings.

The balance at June 30, 2023 is comprised of 50.7% land totaling \$63.8 million, 47.9% of buildings and associated improvements totaling \$60.3 million, and the remaining 1.4% of other property and equipment. During fiscal year 2023, significant changes in capital assets related primarily to depreciation expenses, partially offset by renovation costs on existing buildings.

A detailed schedule of capital assets and related activity can be found in Note 5 of the accompanying notes to the financial statements.

At June 30, 2024 and 2023, the Foundation had \$55.3 million and \$59.8 million in debt outstanding, respectively. The following table summarizes debt outstanding as of June 30, 2024 and the two preceding years.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Research Pavilion, Innovative Center, and OTECH Buildings:			
2009 Series Note - Tax Exempt	\$ 3,460,000	\$ 5,128,000	\$ 6,756,000
University Tower and Bio-Molecular Buildings:			
2017 Series Note - Tax Exempt	3,508,000	4,143,000	4,757,000
Lake Nona Cancer Center Note - Tax Exempt	43,500,000	45,500,000	47,500,000
Digital Learning Center Note - Tax Exempt	<u>4,783,000</u>	<u>5,049,000</u>	<u>5,307,000</u>
Total Debt	<u>\$ 55,251,000</u>	<u>\$ 59,820,000</u>	<u>\$ 64,320,000</u>

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Capital Assets and Long-Term Debt Activity (Continued)

During fiscal year 2024 the Foundation reduced debt by approximately \$4.6 million, related to principal payments on its notes. During fiscal year 2023 the Foundation reduced debt by approximately \$4.5 million, related to principal payments on its notes. Additional information on the Foundation's long-term debt obligations can be found in Note 6 of the accompanying notes to the financial statements.

Economic Outlook

The economic outlook of the Foundation is affected by several factors, including state support received from the University, charitable contributions, return on investments and various other revenue sources.

The University is expected to continue to provide a significant portion of the Foundation's funding due to the increased potential of giving from annual and major gift contributors. Annual contributions and endowments have a direct impact on enhancing University programs. The economy affects state appropriations to the University, which may result in a change in the amount of support the Foundation receives from the University in the next fiscal year. Overall, the global economy has affected contributions during the past few years as the economy continues to improve, it is anticipated to have a positive impact on the Foundation.

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information and financial statements and notes thereto, or requests for additional financial information should be addressed to The UCF Foundation, 12424 Research Parkway, Suite 140, Orlando, Florida 32826-3249.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 21,912,737	\$ 21,104,611
Lease Receivables	9,709,956	9,913,087
Receivables from Related Parties	6,167,621	11,522,086
Pledges Receivable - Net	23,635,345	17,580,134
Other Current Assets	<u>850,763</u>	<u>1,310,134</u>
Total Current Assets	62,276,422	61,430,052
NONCURRENT ASSETS		
Restricted Cash	1,912,833	1,829,751
Investments	350,367,099	325,057,034
Pledges Receivable - Net	30,429,964	27,425,749
Lease Receivables	98,606,777	96,202,954
Property and Equipment - Net	1,535,052	1,810,525
Rental and Other Property - Net	57,904,027	60,344,453
Nondepreciable Assets - Primarily Land	55,194,864	63,804,431
Other Noncurrent Assets	<u>1,500,180</u>	<u>1,519,054</u>
Total Noncurrent Assets	597,450,796	577,993,951
 Total Assets	 <u>\$ 659,727,218</u>	 <u>\$ 639,424,003</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 597,101	\$ 715,804
Payables to Related Parties	6,420,060	7,898,144
Current portion of Notes Payable, Net	4,139,000	4,069,000
Other Current Liabilities	<u>288,223</u>	<u>631,002</u>
Total Current Liabilities	11,444,384	13,313,950
NONCURRENT LIABILITIES		
Notes Payable, Net	51,112,000	55,751,000
Other Noncurrent Liabilities	<u>231,373</u>	<u>224,031</u>
Total Noncurrent Liabilities	51,343,373	55,975,031
 Total Liabilities	 62,787,757	 69,288,981
DEFERRED INFLOWS OF RESOURCES		
Deferred Lease Inflows	107,716,860	104,900,030
NET POSITION		
Net Investment in Capital Assets	59,382,943	66,139,409
Restricted:		
Expendable	174,122,772	142,336,686
Nonexpendable Endowments	160,659,572	156,006,374
Unrestricted	<u>95,057,314</u>	<u>100,752,523</u>
Total Net Position	489,222,601	465,234,992
 Total Liabilities, Deferred Inflows and Net Position	 <u>\$ 659,727,218</u>	 <u>\$ 639,424,003</u>

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Contributions, Net	\$ 44,749,109	\$ 50,661,987
Rental Income	18,373,443	32,079,062
Net Realized and Unrealized Gains on Investments	33,508,289	19,268,778
Interest and Dividends	882,199	576,261
License Plate Proceeds	995,049	971,782
Other Revenue	<u>300,888</u>	<u>504,695</u>
Total Operating Revenues, Net	98,808,977	104,062,565
OPERATING EXPENSES		
Building Operations	11,851,938	11,954,053
Athletics	15,945,955	3,325,389
Fundraising	7,211,117	7,101,229
Management and General	13,351,473	9,608,716
Student Aid	6,212,405	5,057,916
Academic Programs	8,709,962	10,049,806
Alumni Relations	4,777,253	3,795,134
General Support to UCF	22,316,781	6,721,886
Research	<u>909,911</u>	<u>1,260,531</u>
Total Operating Expenses	<u>91,286,795</u>	<u>58,874,660</u>
OPERATING GAIN	7,522,182	45,187,905
NONOPERATING REVENUES		
Support from UCF - Noncash	11,957,396	11,592,709
Change in Value of Split Interest Agreements	<u>(36,664)</u>	<u>(34,780)</u>
Total Nonoperating Revenues	<u>11,920,732</u>	<u>11,557,929</u>
GAIN BEFORE ENDOWMENT CONTRIBUTIONS	19,442,914	56,745,834
ENDOWMENT CONTRIBUTIONS	<u>4,544,695</u>	<u>5,154,550</u>
CHANGE IN NET POSITION	23,987,609	61,900,384
Net Position - Beginning of Year	<u>465,234,992</u>	<u>403,334,608</u>
NET POSITION - END OF YEAR	<u>\$ 489,222,601</u>	<u>\$ 465,234,992</u>

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Contributions	\$ 34,052,968	\$ 28,590,186
Rental Receipts	15,138,448	35,609,942
All Other Receipts	1,183,023	338,542
Payments for Building Operations	(7,390,412)	(7,357,500)
Payments for Fundraising Activities	365,967	(10,282)
Payments to the University for Salaries and Benefits	(13,755,292)	(12,198,280)
Payments for University Programs, Scholarships, and Athletics	(32,300,739)	(19,252,210)
Payments for General and Administrative Functions	(5,832,810)	(2,327,855)
Payments for Income Taxes	(192,122)	(98,449)
Net Cash Provided (Used) by Operating Activities	<u>(8,730,969)</u>	<u>23,294,094</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(14,386,139)	(58,652,605)
Proceeds from Sales and Maturities of Investments	23,988,471	40,509,648
Receipts from Interest and Dividends, Net of Fees	679,699	306,261
Net Cash Provided (Used) by Investing Activities	<u>10,282,031</u>	<u>(17,836,696)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase or Construction of Capital Assets	(134,429)	(1,310,754)
Principal Paid on Capital Debt	(4,569,000)	(4,500,000)
Interest Paid on Capital Debt	(377,785)	(444,430)
Net Cash Used by Capital and Related Financing Activities	<u>(5,081,214)</u>	<u>(6,255,184)</u>
NONCAPITAL FINANCING ACTIVITIES		
Endowment Contributions Received for Other than Capital Purposes	4,421,360	5,011,899
Net Cash Provided by Noncapital Financing Activities	<u>4,421,360</u>	<u>5,011,899</u>
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	891,208	4,214,113
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>22,934,362</u>	<u>18,720,249</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 23,825,570</u>	<u>\$ 22,934,362</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH RELATED INVESTING ACTIVITIES		
Unrealized Gains on Investments	<u>\$ 29,307,996</u>	<u>\$ 15,485,831</u>

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING GAIN TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Gain	\$ 7,522,182	\$ 45,187,905
Adjustments to Reconcile Operating Gain to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,177,492	3,083,323
Provision for Cancellation of Pledges and Other Receivables	1,007,306	2,975,879
Net Realized and Unrealized Gains on Investments	(33,508,289)	(19,268,778)
Support from UCF and Other Related Entities - Noncash	11,957,396	11,592,709
Donated Securities and Other Noncash Contributions	(1,288,139)	(1,110,878)
Donated Land to the University	8,282,403	-
Interest and Dividend Income, Net of Investment Fees	(882,199)	(576,261)
Interest Expense	331,216	427,815
Changes in Operating Assets and Liabilities:		
Receivables from Related Parties	5,556,965	(1,694,005)
Pledges Receivable	(10,066,732)	(23,625,981)
Leases	616,138	(92,014)
Other Assets	478,245	(1,010,116)
Accounts Payable, Accrued Expenses, and Other Liabilities	(436,869)	209,387
Payables to Related Parties	(1,478,084)	7,195,109
Net Cash Provided (Used) by Operating Activities	\$ (8,730,969)	\$ 23,294,094

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The University of Central Florida Foundation and its two blended component units (collectively, the Foundation) serve as a Direct Support Organization (DSO) for the University of Central Florida (the University or UCF), a state university, as provided for in Section 1004.28 of the Florida Statutes and Board of Regents Rule 6C-9.011. The Foundation's principal function is to solicit, receive, hold, invest and administer charitable contributions for the University. The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes pursuant to Section 501(a) of the IRC and Chapter 220.13 of Florida Statutes, except for income from activities not related to its principal function.

Reporting Entity

The Foundation is considered a discrete component unit of the University due to the University's budgetary oversight responsibility and due to the Foundation's significant operational and financial relationships with the University. The Foundation has determined that there are two component units that meet the criteria for blending into the Foundation's financial statements. The financial statements of the Foundation include the accounts of its blended component units, Knights Crossing Student Housing, LLC and the University of Central Florida Real Estate Foundation, LLC.

A summary of the Foundation's significant accounting policies follows:

Basis of Accounting – The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental business-type activities. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Fund Accounting – To help to ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund in the general ledger. For reporting purposes, these funds are combined into one column.

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

Net Investment in Capital Assets – Represents funds that consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Restricted – 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. Restricted funds include:

Expendable: Represents funds that are subject to donor, grantor, or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs include endowed chairs and professorships, research funding, and student scholarships.

Nonexpendable Endowments: Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor, or other outside party restrictions for the benefit of various programs at the University. These programs include endowed chairs and professorships, research funding and student scholarships. The corpus of the permanent endowments are retained and reported in nonexpendable endowments, while the net earnings or losses on endowment funds are included in expendable funds available for expenditure.

Unrestricted – Represents funds that are available without restriction for carrying out the Foundation's objectives.

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

Operating and Nonoperating Activities

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. Operating revenues also include rental revenue from leasing of Foundation owned facilities. Nonoperating revenues include certain revenue sources that provide additional funding not included in operating revenues and include University related support and endowment contributions.

Revenue Recognition

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 acquisition values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent Revenue

In accordance with guidance related to accounting for leases, income on leases, which include scheduled increases in rental rates over the lease term (other than scheduled increases based on the Consumer Price Index), is recognized on a straight-line basis. The Foundation recognizes revenues for recoveries from tenants of operating expenses the Foundation paid on the tenant's behalf. These operating expenses include items such as real estate taxes, insurance, and other property operating costs.

Fundraising

Costs associated with fundraising activities are reported as fundraising expenses in the accompanying statements of revenues, expenses, and changes in net position. Included are all direct costs associated with fundraising activities and allocable costs of activities that include both fundraising and program or management and general functions.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash balances held for long-term restricted purposes are shown as restricted cash on the statement of net position and are excluded from cash and cash equivalents.

Investments

Investments are carried at fair value. Governmental Accounting Standards Board (GASB) guidance establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. See Note 2 for further discussion of fair value. The hedge funds carry their underlying investments at fair value and are valued, as a practical expedient, at the net asset value of the units held by the Foundation at year-end, as reported by the investment manager and within the valuation guidelines stipulated in respective investment agreements. The valuation for the real asset investment is determined by an independent appraisal management firm based on market data and research. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other internal designations by the board of directors and management as well as investments not expected to be used during the Foundation's next fiscal year.

Investment Income

Gains or losses on the sale of the investments are based on the weighted-average cost method. Realized gains (losses) are recognized based on the trade date for investments sold during the year. For investments held as of year-end any changes in fair value during the year are recorded as unrealized gains (losses) for the year. Interest and dividend income is recognized as revenue in the period earned.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, 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. The Foundation has established an allowance to absorb the uncollectible portion of pledges based on management's estimate, which includes an assessment of the donor's ability to pay. See Note 3 for more details.

Other Assets

Other assets primarily include various accounts receivable, notes receivable, and prepaid leasing commissions.

Capital Assets

Capital assets include buildings, property, and equipment (including rental property), which is stated at cost as of the date of acquisition (estimated value at the date of donation for donated property). The Foundation has a capitalization threshold of \$25,000 for building and building improvements and \$5,000 for equipment and furniture. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and Improvements	7 to 39 Years
Equipment and Furniture	3 to 10 Years

Other property consists principally of land and is not subject to depreciation.

Impairment of Capital Assets

The Foundation reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. As a result of any impairments, property with a permanent decrease in value is stated at the lower of the carrying value or fair value. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2024 and 2023.

Unearned Revenue

Unearned revenue is included in other current liabilities and relates to cash received for which criteria required for revenue recognition have not been met. Amounts relate primarily to rent and event admission received in advance.

Split-Interest Agreements

The Foundation accepts gifts subject to irrevocable split interest agreements. These gifts may be in the form of annuities, life estate, or charitable remainder trusts. At the time of receipt, contribution revenue is recognized based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuitant or trust beneficiaries and are determined using the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift ranging from 2.0% to 7.8%. Funds subject to split interest agreements are classified as restricted or unrestricted based upon donor designations.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

Current Florida law requires charities to maintain certain minimum gift annuity reserves. As of June 30, 2024 and 2023, the Foundation held assets in excess of the minimum required by state law.

Compensated Absences, Other Postemployment Benefits, and Pension Liability

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. Employees also accrue retirement benefits for pension and other postemployment benefits over the time of employment at the University. Since all the employees who work for the Foundation are considered employees of the University, this compensated absences liability, along with liabilities for pensions and other postemployment benefits, is reported by the University and, therefore, is not reflected on the Foundation's financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Net position and changes in net position are unchanged as a result of the reclassifications.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(a) of the IRC as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv). The Foundation is generally only subject to U.S. federal tax examinations by tax authorities for all tax years since 2020.

The Foundation has reviewed and evaluated the relevant technical merits of its tax position in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

In accordance with GASB Statement No. 87, *Leases*, the Foundation recognizes certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Restricted Cash

At June 30, 2024 and 2023, the recorded amount of cash, cash equivalents, and restricted cash of the Foundation's deposits was \$23,825,570 and \$22,934,362, respectively. Operating bank account balances were \$19,438,350 and \$14,605,921 as of June 30, 2024 and 2023, respectively. Cash equivalents and restricted cash include \$3,863,219 and \$8,459,679 as of June 30, 2024 and 2023, respectively, held in a series of money market funds held in brokerage accounts with an average duration of less than one year and a credit rating of AAA.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. Cash deposits consist of noninterest-bearing demand deposits, money market accounts and cash deposits.

At June 30, 2024 and 2023, \$18,938,350 and \$14,105,921, respectively, in cash deposits are not insured by federal deposit insurance and are not collateralized.

Investments

The goal of the Foundation's investment program for endowments is set forth in the investment policy manual as approved by the Foundation's board of directors. Such goal is to provide a total return from assets invested that will preserve the purchasing power of the endowment assets, while generating an income stream to support the activities of the colleges and units of the University. The investment policy manual also provides information on asset classes, target allocations and ranges of acceptable investment categories. However, the policy does not address specific types of risks such as credit risk, interest rate risk and foreign currency risk that the Foundation may be exposed to as outlined below. Endowment investments were approximately \$260,467,285 and \$236,469,880 as of June 30, 2024 and 2023, respectively.

The objective for non-endowed assets is to produce the greatest possible total return with a minimum of risk. The investment policy manual provides information on asset classes, target allocations and ranges of acceptable investment categories.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

Investments, including alternative investments, are allocated across various investment strategies as follows at June 30:

	<u>2024</u>	<u>2023</u>
Domestic Equity	\$ 93,623,969	\$ 81,895,448
International Equity	69,769,398	62,566,220
Domestic Fixed Income	95,601,577	93,668,942
International Fixed Income	14,289,793	13,758,102
Hedge Funds	11,948,898	11,966,268
Private Equity	23,087,401	21,211,889
Real Assets	10,832,053	9,892,216
Private Debt	13,196,049	12,488,340
Real Estate	18,017,961	17,609,609
Total Investments	<u>\$ 350,367,099</u>	<u>\$ 325,057,034</u>

The following schedule provides a breakdown of net realized and unrealized gains and losses for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net Realized Gains on Investments	\$ 4,200,293	\$ 3,782,947
Net Unrealized Gains on Investments	29,307,996	15,485,831
Net Realized and Unrealized Gains on Investments	<u>\$ 33,508,289</u>	<u>\$ 19,268,778</u>

Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as part of the net realized and unrealized gains and losses reported in the statements of revenue, expenses, and changes in net position.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2024 and 2023, excluding mutual funds and alternative investments, are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in book entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single investment manager having a disproportionate or significant impact on the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule represents the ratings of the Foundation's debt-type investments as of June 30, using nationally recognized statistical ratings quality organizations:

Debt Security Type	Quality Rating	Fair Value	
		2024	2023
Domestic Fixed Income	AAA	\$ -	\$ 112,910
Domestic Fixed Income	AA+	147,388	96,049
Domestic Fixed Income	AA	55,755	142,836
Domestic Fixed Income	A+	270,917	-
Domestic Fixed Income	A	-	2,305,620
Domestic Fixed Income	AA-	333,181	85,707
Domestic Fixed Income	A-	2,182,300	-
Total		<u>\$ 2,989,541</u>	<u>\$ 2,743,122</u>

The following investments are held through alternative investments in funds and are not directly subject to credit risk:

	2024	2023
Alternative Investments*:		
Domestic Fixed Income	\$ 92,612,036	\$ 90,925,819
International Fixed Income	14,289,793	13,758,102
Hedge Funds	-	1,090,048
Private Debt	13,196,049	12,488,340
Total Alternative Investments	<u>120,097,878</u>	<u>118,262,309</u>
Total	<u>\$ 123,087,419</u>	<u>\$ 121,005,431</u>

* Alternative Investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt-type securities that are directly held by the Foundation.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Interest rate risk is as follows as of June 30:

Investment Type	Average Duration	Fair Value	
		2024	2023
Domestic Fixed Income	Greater than Five Years	\$ 620,393	\$ 425,522
Domestic Fixed Income	One to Five Years	2,369,148	2,317,600
Total		<u>\$ 2,989,541</u>	<u>\$ 2,743,122</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The following investments are held through alternative investments in funds and are not directly subject to interest rate risk:

	2024	2023
Alternative Investments*:		
Domestic Fixed Income	\$ 92,612,036	\$ 90,925,819
International Fixed Income	14,289,793	13,758,102
Hedge Funds	-	1,090,048
Private Debt	13,196,049	12,488,340
Total Alternative Investments	120,097,878	118,262,309
 Total	 \$ 123,087,419	 \$ 121,005,431

* Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the interest rate risk related to debt-type securities that are directly held by the Foundation.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value hierarchy prioritizes the inputs into three broad levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that government can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability either directly or indirectly.

Level 3 – Unobservable inputs for an asset or liability.

The following valuation techniques and inputs were used to estimate the fair value of assets and liabilities carried at fair value on the statements of financial position. There have been no changes to these techniques and inputs during the years ended June 30, 2024 and 2023.

Cash and Cash Equivalents

The fair value of these short-term investments is classified as Level 1 based on quoted prices in an active market.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Domestic Equity

The fair value of domestic equity investments are valued at quoted prices in an active market and are classified as Level 1.

Domestic Fixed Income

The fair value of fixed income investments is classified as Level 1 based on quoted prices in an active market.

International Equity

The fair value of these equity investments is classified as Level 1 based on quoted prices in an active market.

Real Estate

The fair value of real estate investments are classified as Level 3. These assets include one property consisting of 16 acres of land one mile north of the University. The entitled use consists of low-density residential property. The fair value of this property is determined by an appraisal utilizing recent sale and property comparisons of like assets.

The following table present the assets measured at fair value on a recurring basis on the statements of net position for the year ended June 30, 2024 by the GASB Statement No. 72 hierarchy (as described above).

	Total	Level 1	Level 2	Level 3
Domestic Equity	\$ 14,853,808	\$ 14,853,808	\$ -	\$ -
Domestic Fixed Income	2,989,542	2,989,542	-	-
International Equity	824,827	824,827	-	-
Real Estate	6,850,000	-	-	6,850,000
Total Investments by Level	<u>\$ 25,518,177</u>	<u>\$ 18,668,177</u>	<u>\$ -</u>	<u>\$ 6,850,000</u>

Alternative investments measured by the net asset value (NAV) and not subject to level classification for year ended June 30, 2024:

Domestic Equity	\$ 78,770,161
Domestic Fixed Income	92,612,035
Hedge Funds	11,948,898
International Equity	68,944,571
International Fixed Income	14,289,793
Private Equity	23,087,401
Private Debt	13,196,049
Real Assets	10,832,053
Real Estate	11,167,961
Total Investments Measured at the NAV	<u>324,848,922</u>
Total Investments	<u>\$ 350,367,099</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The following table present the assets measured at fair value on a recurring basis on the statements of net position for the year ended June 30, 2023 by the GASB Statement No. 72 hierarchy (as described above).

	Total	Level 1	Level 2	Level 3
Domestic Equity	\$ 14,342,975	\$ 14,342,975	\$ -	\$ -
Domestic Fixed Income	2,743,122	2,743,122	-	-
International Equity	127,053	127,053	-	-
Real Estate	5,527,000	-	-	5,527,000
Total Investments by Level	<u>\$ 22,740,150</u>	<u>\$ 17,213,150</u>	<u>\$ -</u>	<u>\$ 5,527,000</u>

Alternative investments measured by the net asset value (NAV) and not subject to level classification for the year ended June 30, 2023:

Domestic Equity	\$ 67,552,473
Domestic Fixed Income	90,925,819
Hedge Funds	11,966,269
International Equity	62,439,167
International Fixed Income	13,758,102
Private Equity	21,211,889
Private Debt	12,488,340
Real Assets	9,892,216
Real Estate	12,082,609
Total Investments Measured at the NAV	<u>302,316,884</u>
Total Investments	<u>\$ 325,057,034</u>

Redemptions and unfunded investment commitments for the years ended June 30:

	2024			
	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV):				
Domestic Equity	\$ 78,770,161	\$ -	Immediate	Immediate
Domestic Fixed Income	92,612,035	-	Immediate	Immediate
Hedge Funds	10,824,914	-	Monthly	30 Days
Hedge Funds	999,611	-	Quarterly	60 Days
Hedge Funds	124,373	-	Quarterly	90 Days
International Equity	20,864,958	-	Monthly	30 Days
International Equity	48,079,613	-	Immediate	Immediate
International Fixed Income	8,753,342	-	Monthly	30 Days
International Fixed Income	5,536,451	-	Immediate	Immediate
Private Equity	23,087,401	7,992,131	NA	NA
Private Debt	13,196,049	1,976,010	NA	NA
Real Assets	10,832,053	1,096,179	NA	NA
Real Estate	11,167,961	1,061,039	NA	NA
Total Investments Measured at the NAV	<u>\$ 324,848,922</u>	<u>\$ 12,125,359</u>		

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

	2023			
	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at the Net				
Asset Value (NAV):				
Domestic Equity	\$ 67,552,473	\$ -	Immediate	Immediate
Domestic Fixed Income	90,925,819	-	Immediate	Immediate
Hedge Funds	831,916	-	Monthly	30 Days
Hedge Funds	1,370,553	-	Quarterly	90 Days
Hedge Funds	9,763,800	-	Quarterly	90 Days
International Equity	20,799,001	-	Monthly	30 Days
International Equity	41,640,166	-	Immediate	Immediate
International Fixed Income	8,607,373	-	Monthly	30 Days
International Fixed Income	5,150,729	-	Immediate	Immediate
Private Equity	21,211,889	17,659,709	NA	NA
Private Debt	12,488,340	3,979,964	NA	NA
Real Assets	9,892,216	1,975,421	NA	NA
Real Estate	12,082,609	1,348,482	NA	NA
Total Investments Measured at the NAV	<u>\$ 302,316,884</u>	<u>\$ 24,963,576</u>		

NA – Information on redemptions is not applicable.

Net Asset Value

GASB Statement No. 72 permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their net asset value (NAV) per share.

The June 30, 2024 investments held at NAV reflect:

Domestic Equity includes one manager representing a total of 22% of total investment assets. These funds are operated by a money manager that is passively managed to the Russell 1000 index. The funds are privately placed, and their fair value cannot be observed through observable inputs through an exchange for the overall funds. The fair value of these funds are provided by the money manager which uses a quoted price in the active markets for the underlying assets.

Domestic Fixed Income includes one manager representing a total of 26% of total investment assets. This fund is operated by a money manager that is actively managed to the Bloomberg Barclay's aggregate. This fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of these funds are provided by the money manager which uses a quoted price in the active markets for the underlying assets.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Net Asset Value (Continued)

Hedge Funds include four hedge fund managers representing a total of 3% of total investment assets. This asset class consists of managers investing in various hedge fund strategies. The event driven hedge funds strategy includes investments across the capital structure in equity and debt securities. These managers invest in situations with the expectation that a near term event will function as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The global macro hedge fund strategy includes managers that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments, and equity indices. These managers utilize discretionary strategies that employ broad analysis of economic, financial, and political data to identify themes and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The equity linked strategy of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities; returns are dependent on performance of the equity's options. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

International Equity includes four managers and represents 20% of total investment assets. This class consists of active managers investing in established and emerging international markets. The global managers utilize a strategy that includes domestic, international, and global companies. These funds are privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money managers which uses a quoted price in active markets for the underlying assets.

International Fixed Income includes one manager and represents 4% of total investment assets that is actively managed. The fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. The fund is privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity includes twenty-one investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$8.0 million; the current value of this portfolio is \$23.1 million or 7% of assets. Private equity is capital not traded on a public, primary exchange. Investments can include equity rights to private companies, capital lent to companies, or other privately held securities. Commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. Private equity capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Net Asset Value (Continued)

Private Debt includes ten investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets or notes of the fund. The total remaining capital committed in the portfolio is \$2.0 million; the current value of this portfolio \$13.2 million or 4% of assets. Private debt consists of private notes and debentures that are not traded on a public, primary exchange. The managers aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. Commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment Private debt is invested with general partners of legally formed limited partnerships whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Real Assets include three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$1.1 million; the current value of this portfolio is \$10.8 million or 3% of assets. Real assets consist of capital not traded on a public, primary exchange. This portfolio includes private holdings in domestic and international infrastructure and energy related investments. Commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and asset appraisals.

Real Estate include three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund and through revenues earned on underlying property holdings. The total remaining capital committed in the portfolio is \$1.1 million; the current value of this portfolio is \$11.2 million or 3% of assets. Private real estate assets consist of capital not traded on a public, primary exchange. This portfolio includes private holdings in domestic and international real estate. Commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real estate capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the underlying properties.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. As of June 30, 2024 and 2023, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2024 and 2023, the Foundation's assets were held in U.S. currency, the currency risk on international and global assets is absorbed by the underlying investment managers.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable and the related allowance for potentially uncollectible amounts are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Pledges Receivable	\$ 63,617,206	\$ 53,331,733
Less: Allowance for Doubtful Amounts	3,494,000	4,521,000
Less: Discount on Future Payments	6,057,897	3,804,850
Total Pledges Receivables, Net	<u>\$ 54,065,309</u>	<u>\$ 45,005,883</u>
Current Pledges Receivable, Net	\$ 23,635,345	\$ 17,580,134
Noncurrent Pledges Receivable, Net	30,429,964	27,425,749
Total Pledges Receivable, Net	<u>\$ 54,065,309</u>	<u>\$ 45,005,883</u>

Noncurrent pledges receivable are net of discounts on future payments using a risk-free interest rate at the time the pledge was initially recognized. Discount rates used for pledges currently outstanding range from 0.29% to 4.33%.

NOTE 4 ENDOWMENTS

The Foundation authorizes expenditures for the uses and purposes for which endowment funds were established. The state of Florida has adopted FS 617.2104, which provides policy for administration related to investment of endowment funds and the ability to spend net appreciation.

The Foundation's general spending calculation for eligible endowments was calculated in accordance with the Foundation's investment policy and used a spending rate of 4.0% for fiscal years 2024 and 2023.

The following displays the total ending endowment balances for nonexpendable endowments or donor-restricted endowments:

	<u>2024</u>	<u>2023</u>
Total Endowment Balance	\$ 201,916,665	\$ 186,027,257
Less: Appreciation Portion of Restricted Expendable	41,257,093	30,020,883
Permanently Restricted Nonexpendable Balance	<u>\$ 160,659,572</u>	<u>\$ 156,006,374</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	June 30, 2023	Increases	Decreases	June 30, 2024
Property and Equipment:				
Equipment and Furniture	\$ 3,917,323	\$ 33,992	\$ (6,455)	\$ 3,944,860
Less: Accumulated Depreciation	(2,106,798)	(303,010)	-	(2,409,808)
Net Property and Equipment	<u>1,810,525</u>	<u>(269,018)</u>	<u>(6,455)</u>	<u>1,535,052</u>
Rental and Other Property:				
Land (Nondepreciable)	63,252,684	-	(8,282,403)	54,970,281
Construction-in-Progress - (Nondepreciable)	<u>551,747</u>	<u>85,915</u>	<u>(413,079)</u>	<u>224,583</u>
Rental and Other Property - Nondepreciable	63,804,431	85,915	(8,695,482)	55,194,864
Buildings and Improvements	99,176,360	434,056	-	99,610,416
Less: Accumulated Depreciation	(38,831,907)	(2,874,482)	-	(41,706,389)
Rental and Other Property, Net	<u>60,344,453</u>	<u>(2,440,426)</u>	<u>-</u>	<u>57,904,027</u>
Net Rental and Other Property	<u>124,148,884</u>	<u>(2,354,511)</u>	<u>(8,695,482)</u>	<u>113,098,891</u>
Total Net Capital Assets	<u>\$ 125,959,409</u>	<u>\$ (2,623,529)</u>	<u>\$ (8,701,937)</u>	<u>\$ 114,633,943</u>
	June 30, 2022	Increases	Decreases	June 30, 2023
Property and Equipment:				
Equipment and Furniture	\$ 3,916,561	\$ 762	\$ -	\$ 3,917,323
Less: Accumulated Depreciation	(1,804,936)	(301,862)	-	(2,106,798)
Net Property and Equipment	<u>2,111,625</u>	<u>(301,100)</u>	<u>-</u>	<u>1,810,525</u>
Rental and Other Property:				
Land (Nondepreciable)	63,252,684	-	-	63,252,684
Construction-in-Progress - (Nondepreciable)	<u>553,729</u>	<u>1,348,139</u>	<u>(1,350,121)</u>	<u>551,747</u>
Rental and Other Property - Nondepreciable	63,806,413	1,348,139	(1,350,121)	63,804,431
Buildings and Improvements	97,864,386	1,311,974	-	99,176,360
Less: Accumulated Depreciation	(36,050,446)	(2,781,461)	-	(38,831,907)
Rental and Other Property, Net	<u>61,813,940</u>	<u>(1,469,487)</u>	<u>-</u>	<u>60,344,453</u>
Net Rental and Other Property	<u>125,620,353</u>	<u>(121,348)</u>	<u>(1,350,121)</u>	<u>124,148,884</u>
Total Net Capital Assets	<u>\$ 127,731,978</u>	<u>\$ (422,448)</u>	<u>\$ (1,350,121)</u>	<u>\$ 125,959,409</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$3,177,492 and \$3,083,323, respectively.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

Other property consists of the following at June 30, 2024 and 2023:

Rosen School of Hospitality Management Project

The Foundation received a contribution from a donor of \$18,282,403 during fiscal 2001 to purchase land and facilitate the construction of a new hospitality management building to be located in Orange County. A portion of that contribution, \$8,282,403, funded the purchase of a 20-acre tract of land including closing costs of approximately \$82,400 on May 21, 2001. The land is recorded as a capital asset of the Foundation and is subject to a long-term ground lease with the UCF Hospitality School Student Housing Foundation, Inc. with a one-time minimal payment at the execution of the lease. On June 30, 2024, this land was contributed to the university as further discussed in Note 8.

Knights Crossing/Knights Court Land

On February 15, 2001, Knights Crossing Student Housing LLC (KKSH), through a series of transactions, was deeded an 87.8-acre tract of land from CAPFA Capital Corp. (CAPFA), a public body corporate and politic of the state of Florida. CAPFA owns the 1,176-unit apartment complex to be used exclusively by UCF students and other eligible individuals. KKSH leased the land back to CAPFA over a maximum 40-year period under a ground lease. CAPFA obtained a 30-year mortgage based on the ground lease and improvements to the land to fund the purchase of the apartment complex. In October, 2020 CAPFA refinanced all outstanding debt, extending the debt service to 2035. On an annual basis, CAPFA remits to KKSH any remaining funds after operating expenses (as defined), debt service and subordinated management fees. KKSH recorded the value of the land as a capital contribution at \$9,733,000 based on an independent appraisal dated August 28, 2001.

During fiscal years 2024 and 2023, the Foundation received approximately \$2,558,000 and \$15,297,000, respectively, for surplus rent under the ground lease which is included in Rental Income on the statements of revenues, expenses, and changes in net position. During the year ended June 30, 2023, the surplus rent included an additional \$7,828,000 related to the release of funds previously held in reserve as required by the insurer due to pandemic related uncertainties.

Health Sciences Campus at Lake Nona

During fiscal 2007, the Tavistock Group donated 45 net usable acres of land with a fair value of \$17,425,000 to the Foundation. The University built the UCF Health Sciences Campus at Lake Nona on the land. During fiscal 2008, the Tavistock Group and the Foundation reconfigured the land, which increased the number of usable acres to 50 acres, which allowed for other medical entities to be located on adjoining property at Lake Nona. The additional five usable acres added value to the Foundation's land in the approximate fair value estimated amount of \$2,995,000 as of the date of the contribution. The land is recorded as a capital asset of the Foundation and is subject to a long-term ground lease with the University with a one-time minimal payment at the execution of the lease.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

Northview Land

During fiscal 2013, the AHG Group LLC, donated approximately 8.5 acres of land with a fair value of \$6,000,000 to the Foundation. The land is recorded as a capital asset of the Foundation and is subject to a 60-year ground lease with Northview Knights Housing, LLC for the purposes of operating student housing. Northview Knights Housing, LLC will pay the Foundation 50% of the annual net cash flow received from the use and operation of the housing component during the first 34 years of the lease and 60% during the remainder of the lease term. Upon termination or expiration of the ground lease, all rights, title and interest in and to the housing component and all improvements, alterations, additions, fixtures, equipment and furnishings shall automatically be conveyed and revert from the lessee to the lessor.

During fiscal year 2023, the Foundation received \$150,000 for surplus rent under the ground lease. During fiscal year 2024, the Foundation did not receive any surplus rent.

NOTE 6 LONG-TERM LIABILITIES

A summary of changes in long-term debt is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Amount Due Within One Year</u>
Research Pavilion, Innovative Center, and Orlando Tech Center - Series 2009 Notes:					
2009 Series Note - Taxable	\$ 5,128,000	\$ -	\$ (1,668,000)	\$ 3,460,000	\$1,710,000
University Tower and Bimolecular - 2017 Series Note - Tax Exempt	4,143,000	-	(635,000)	3,508,000	656,000
Lake Nona Cancer Center Note - Tax Exempt	45,500,000	-	(2,000,000)	43,500,000	1,500,000
Digital Learning Center Note - Tax Exempt	5,049,000	-	(266,000)	4,783,000	273,000
Total Notes Payable	<u>\$ 59,820,000</u>	<u>\$ -</u>	<u>\$ (4,569,000)</u>	<u>\$ 55,251,000</u>	<u>\$ 4,139,000</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Amount Due Within One Year</u>
Research Pavilion, Innovative Center, and Orlando Tech Center - Series 2009 Notes:					
2009 Series Note - Tax Exempt	\$ 6,756,000	\$ -	\$ (1,628,000)	\$ 5,128,000	\$ 1,668,000
University Tower and Bimolecular - 2017 Series Note - Tax Exempt	4,757,000	-	(614,000)	4,143,000	635,000
Lake Nona Cancer Center Note - Tax Exempt	47,500,000	-	(2,000,000)	45,500,000	1,500,000
Digital Learning Center Note - Tax Exempt	5,307,000	-	(258,000)	5,049,000	266,000
Total Notes Payable	<u>\$ 64,320,000</u>	<u>\$ -</u>	<u>\$ (4,500,000)</u>	<u>\$ 59,820,000</u>	<u>\$ 4,069,000</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Research Pavilion, Innovative Center (IC), and the Orlando Tech Center (OTC)

On December 17, 2009, the Foundation entered into a \$19,925,000 16-year note, maturing October 1, 2025, for refinancing the variable rate debt originally issued in 1996 through the Orange County Industrial Development Authority to fixed rate debt issued with Branch Banking and Trust (BB&T). The note is comprised of a \$12,540,000, tax-exempt portion with a fixed rate of 4.96% and a \$7,385,000 taxable portion with a fixed rate of 5.83%. The proceeds from the original note were used to purchase buildings in the Research Park vicinity of Orange County identified as Research Pavilion, IC and the OTC. The buildings represent security for the loan and lease revenues generated from these building has been pledged for debt repayment. For fiscal years 2024 and 2023, lease payments totaled \$6,629,180 and \$6,881,343, respectively, of these amounts, \$1,753,770 and \$1,760,287, respectively, was used to pay principal and interest on the notes. The total amount of payments pledged as security over the life of this note is approximately \$3,543,172, which equates to the total remaining principal and interest on the notes.

In the event of default, the lender may exercise an acceleration clause whereby all unpaid principal and related accrued interest will become immediately due and bear interest at the default rate, which is defined as the lesser of 2% above the current interest rate on the note or the highest rate of interest permitted by applicable law.

On October 6, 2020, the note was refinanced as a taxable note at a reduced interest rate of 2.39%, with all existing terms remaining unchanged. The refinancing resulted in interest savings totaling approximately \$677,000 over the life of the note.

As of June 30, 2024 and 2023, the remaining outstanding principal on the note was \$3,460,000 and \$5,128,000, respectively.

University Tower and Biomolecular Building Loans

On May 12, 2017, the Foundation refinanced 5.67% fixed-rate tax-exempt debt, with BB&T to a 3.34% fixed rate tax exempt debt. The principal balance at the time of refinance was \$7,535,000 with the debt still maturing on April 1, 2029. The proceeds from the original note were used to purchase buildings in the Research Park vicinity of Orange County identified as University Tower and the Biomolecular Building. The buildings represent security for the loan and lease revenues generated from these buildings has been pledged for debt repayment. The refinancing resulted in a total interest savings of \$1.3 million with a present value savings of \$1.1 million. The total amount of revenue pledged as security over the life of this note is \$3,867,017 which equates to the total remaining principal and interest on the notes. For fiscal years 2024 and 2023, lease payments totaled \$2,929,486 and \$3,087,639, respectively. Of these amounts, \$756,543 and \$767,757 were used to pay principal and interest on the notes, respectively.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

University Tower and Biomolecular Building Loans (Continued)

In the event of default, the lender may exercise an acceleration clause whereby all unpaid principal and related accrued interest will become immediately due and bear interest at the default rate, which is defined as the lesser of 2% above the current interest rate on the note or the highest rate of interest permitted by applicable law.

As of June 30, 2024 and 2023, the remaining outstanding principal was \$3,508,000 and \$4,143,000 00, respectively.

Digital Learning Center Loan

On December 11, 2018, the Foundation entered into a tax-exempt \$6,000,000 20-year note with BB&T maturing October 1, 2038 at a fixed rate of 3.93%. The proceeds of the loan were used to purchase a building and related land in the Research Park vicinity of Orange County identified as Digital Learning Center. The purchased property represents security for the loan and lease revenues generated from this building have been pledged for debt repayment. For fiscal years 2024 and 2023, lease payments totaled \$1,132,678 and \$1,037,958, respectively, which was used to fund debt payments. For fiscal years 2024 and 2023, the Foundation paid \$389,905 and \$399,771, respectively, in principal and interest on the note. The lease includes two automatic renewal periods which if executed will increase the payments pledged as security to approximately \$5,827,956, which equates to the total remaining principal and interest on the note.

The Foundation may prepay the loan at any time before January 1, 2024 with a prepayment penalty equal to 2% of the principal amount prepaid and at any time after January 1, 2024 through December 11, 2029 with a prepayment penalty equal to 1% of the principal amount prepaid. The Note also contains a lender prepayment election whereby the lender shall have the option to require payment in full of the outstanding principal of the loan, plus any accrued interest, on any date on or after December 11, 2029. On or after this date, the Lender will provide the Foundation with an indication of a new interest rate which the lender will lock for up to 30 days. If this new interest rate is accepted by the Foundation, the lender agrees to cancel the prepayment election and amend the loan documents to reflect the new interest rate.

In the event of default, the lender may exercise an acceleration clause whereby all unpaid principal and related accrued interest will become immediately due and bear interest at the default rate, which is defined as 5.93% per annum prior to a Date of Taxability, as defined in the agreement, and after a Date of Taxability, at 6.98% per annum. The lender may also treat all reasonable expenses related to enforcing the remedies of an event of default as additional amounts due under the terms of the agreement.

On October 6, 2020, the note was refinanced at a reduced interest rate of 2.70% interest, with all existing terms remaining unchanged. The principal balance on the note as of the refinance was \$5,685,000. The refinancing resulted in interest savings totaling approximately \$784,000 over the life of the note.

As of June 30, 2024 and 2023, the remaining outstanding principal was \$4,783,000 and \$5,049,000, respectively.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Lake Nona Cancer Center Loan

On August 27, 2018, the Foundation entered into a \$50,000,000 30-year interest free and tax-exempt note with Orange County, Florida. The proceeds of the loan were used to purchase a 175,000-square-foot building and related land located in Lake Nona Medical City to be used by the University as a cancer research and treatment facility. The repayment terms on the note are \$2,000,000 per year for the first 20 years, and \$1,000,000 per year for the remaining 10 years. The maturity date of the loan is the 30th anniversary of the First Principal Payment Date. The First Principal Payment Date, as defined by the terms of the agreement, was to be the first day of the calendar month following the earlier to occur of: (i) the date that is five days after UCF begins receiving rent payments from two anchor subtenants, or (ii) the date which is the earlier to occur of (A) two years after UCF takes occupancy of the Land and Improvements, or (B) November 30, 2020. However, due to the COVID-19 pandemic, an agreement to the terms was reached that delayed the start date to July 1, 2021. The loan is secured by a mortgage on the land and building and the lease revenue generated has been pledged for debt repayment. The total amount of payments pledged as security over the life of the note is \$43,500,000, which equates to the total remaining principal.

In the event of default, the lender may exercise an acceleration clause whereby all unpaid principal and related accrued interest will become immediately due and bear interest at the default rate, which is defined as the maximum allowable rate under Florida law. The lender may also foreclose the lien on the mortgage and obtain possession of the mortgage property and borrower shall assign all rights related to the property including all leases, licenses and other agreements to occupy all or any part of the land and improvements, together with all rents and other sums related to these agreements.

As of June 30, 2024 and 2023, the remaining outstanding principal was \$43,500,000 and \$45,500,000, respectively.

Covenants

The provisions of the notes described above contain certain covenants requiring the Foundation to, among other things, maintain use of property, provide insurance coverage, and timely reporting of financial performance. Additionally, certain notes require the Foundation to maintain a minimum debt service ratio of 1.5-to-1 and 1.1-to-1 over the life of the loans. The Foundation was in compliance with all loan covenants for fiscal years 2024 and 2023.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Principal and Interest Requirements

Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,139,000	\$ 308,519	\$ 4,447,519
2026	4,710,000	237,733	4,947,733
2027	2,990,000	186,389	3,176,389
2028	3,019,000	155,288	3,174,288
2029	3,051,000	122,698	3,173,698
2030-2034	11,651,000	358,574	12,009,574
2035-2039	11,691,000	117,944	11,808,944
2040-2044	7,000,000	-	7,000,000
2045-2049	5,000,000	-	5,000,000
2050-2052	2,000,000	-	2,000,000
Total	<u>\$ 55,251,000</u>	<u>\$ 1,487,145</u>	<u>\$ 56,738,145</u>

The interest rates used to calculate future interest payments are the stated interest rates for the fixed rate loans.

Interest Expense

Total interest expense for the years ended June 30, 2024 and 2023 was \$331,216 and \$427,815, respectively. These amounts are included in building operations in the accompanying statements of revenues, expenses, and changes in net position.

Other Noncurrent Liabilities

Other Noncurrent Liabilities primarily include annuity obligations and deposits. Annuity obligations represent the recorded annuity liability for the future payments to donors and/or their beneficiaries related to planned giving transactions where assets have been received by the Foundation. The liability is initially recorded at the estimated present value of the future payments and is reduced by current-year payments and increased by the yearly accretion of the discount or receipt of new donor annuities. Deposits represent tenant security payments made by commercial tenants.

NOTE 7 PASS-THROUGH DONATIONS (UNAUDITED)

Certain tangible properties are donated as gifts in kind directly to the University. These donations, which are passed through the Foundation, are recognized as support by the University but are not recognized as revenue by the Foundation because the Foundation serves only as an agent for the University. Total pass-through donations received in fiscal years 2024 and 2023 were approximately \$571,000 and \$342,000, respectively.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 RELATED PARTY TRANSACTIONS

The Foundation considers the University and the University's direct support organizations (DSOs) to be related parties for the purpose of the financial statements. The DSOs include the University of Central Florida Research Foundation, Inc., UCF Athletics Association, Inc., UCF Convocation Corporation, UCF Stadium Corporation, UCF Finance Corporation, and Limitless Solutions, Inc.

The Foundation is the primary fundraiser for the University; in return, the University provides administrative and fundraising support to the Foundation for salaries and related benefits which is reported as support from UCF – noncash, on the statement of revenues, expenses, and changes in net position. The Foundation also receives rents and reimbursements for certain operating expenses from the University related to rents received from the Research Pavilion, Orlando Tech Center, Innovative Center, University Tower, Lake Nona Cancer Center, Digital Learning Center, and the Biomolecular Research Annex buildings. In addition, the Foundation and University are parties to a long-term 99-year ground lease, as discussed in Note 5, for use of land at Lake Nona for the Health Sciences Campus and Rosen School of Hospitality Management Campus. The Foundation and University are also parties to a long-term 30-year lease, as disclosed in Note 9, for the Lake Nona Cancer Center located in Lake Nona Medical City to be used by the University as a cancer research and treatment facility.

Significant transactions between the Foundation, University, and their related DSOs were as follows in 2024 and 2023:

	2024	2023
Noncash Support Received from the University	\$ 11,957,396	\$ 11,592,709
Funds Received for Rent and Reimbursement Related to Leases from the University	\$ 17,589,560	\$ 15,077,704
Payments Made to the University for:		
Salaries and Benefits	\$ 5,122,781	\$ 7,014,958
Construction Related Costs*	8,992,188	1,575,086
Scholarships	5,823,444	4,759,505
University Program Support	21,335,176	10,563,123
Total Payments Made to the University	\$ 41,273,589	\$ 23,912,672

*Includes payments made to UCF Finance Corporation.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

	2024	2023
Receivables:		
From the University:		
Salary Reimbursements	\$ 265,427	\$ 132,759
Rent Reimbursements	492,796	1,511,006
Long-Term Receivable	4,750,000	-
Total Receivables from the University	5,508,223	1,643,765
From UCF Athletics Association, Inc.:		
Line of Credit	-	9,000,000
Accrued Interest	-	567,500
Other	659,398	310,821
Total Receivables from UCF Athletics Association, Inc.	659,398	9,878,321
Total Receivables from Related Parties	\$ 6,167,621	\$ 11,522,086
Payables:		
To the University:		
Salary Reimbursements	\$ 1,253,580	\$ 1,027,145
Rent Reimbursements	192,964	4,779,033
Payables for Programs	3,541,088	1,700,139
Total Payables to the University	4,987,632	7,506,317
To UCF Research Foundation, Inc.	-	248,430
To UCF Athletic Association, Inc.	1,432,428	143,397
Total Payables to Related Parties	\$ 6,420,060	\$ 7,898,144

Board of Directors

In addition to the organizations identified above as related, the Foundation, from time to time, conducts business with entities whose officers or directors are members of the Foundation's board of directors. The Foundation has established policies and procedures in order to consummate such business generally through competitive or negotiated procurement processes.

Portions of the Foundation's pledge receivable balance of approximately \$8,696,000 and \$11,304,000 as of June 30, 2024 and 2023, respectively, are commitments made by several members of the Foundation's board of directors. In addition, the Foundation received approximately \$4,811,000 and \$4,815,000 during fiscal years 2024 and 2023, respectively, in cash contributions and pledge payments from various members of the Foundation's board of directors.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

Athletics Line of Credit

On December 18, 2020 (the Effective Date), The Foundation entered into a revolving line of credit agreement (the Line) in the original principal amount of \$4,000,000 with the UCF Athletics Association, Inc. (UCFAA) to provide temporary monetary relief to the UCFAA, allowing UCFAA to continue its operations due to the COVID-19 pandemic. On September 10, 2021 (the Amendment Date), the Foundation amended the terms of the Line to assist with expenses related to transitioning athletic conferences and increased the amount of the Line to \$10,000,000. The Foundation initially funded the Line in two tranches of \$2,500,000 in December 2020 and \$1,500,000 in March 2021 and an additional \$5,000,000 on the Amendment Date. The Line matures three (3) years from the Amendment Date and may be renewed for up to two (2) additional 12-month periods, upon agreement by all parties. The Line bears interest at 3.0% per annum and interest payments are due semi-annually on June 15 and December 15, beginning on June 15, 2021. UCFAA may make payments on the Line at any time during the term of the agreement. As of June 30, 2023, the total principal amount outstanding on the Line was \$9,000,000 and is included in receivables from related parties on the statements of net position.

On March 31, 2024, the Foundation's board of directors approved the Termination and Release Agreement between the Foundation and UCFAA which released UCFAA from all obligations under the Line, including the entire principal and all accrued interest. In total, the Foundation recognized debt forgiveness of \$9,770,000, which is included in athletics operating expenses on the statements of revenues, expenses, and changes in net position.

Rosen School of Hospitality Management Land and Student Housing Facility

In June 2024, the Foundation entered into a Termination and Release Agreement and an Amended and Restated Lease Agreement with the UCF Hospitality School Student Housing Foundation, Inc. and UCF. Pursuant to the terms of the agreements, the Foundation paid, on UCF's behalf, approximately \$4,750,000 to satisfy the remaining obligation on the Rosen student housing facility at which point both the student housing facility and the 20-acre tract of Rosen land transferred to UCF. In connection with this transaction, the Foundation recorded a long-term receivable due from UCF in the amount of \$4,750,000 and an expense of approximately \$8,283,000, which represents the cost basis of the contributed 20-acres of land and is included in general support to UCF in the statements of revenues, expenses, and changes in net position. The receivable is due over 7 years and bears interest at a rate of 5% per annum. Payments are due on or before the first day of the fiscal year, with the first payment beginning on July 1, 2025, and commencing on July 1, 2031. Prepayments shall consist of principal and accrued interest to date only and there is no penalty for prepayment. The long-term receivable is included in receivables from related parties on the statements of net position.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 LEASES PAID TO THE FOUNDATION

The Foundation leases office space to the University and other entities under operating leases with existing terms of one to five years (see Note 6), with the exception of the Lake Nona Cancer Center, which is leased for a term of 30 years. During the year ended June 30, 2024, the Foundation recognized \$9,319,090 and \$262,377 in lease revenue and interest revenue, respectively, pursuant to these contracts. During the year ended June 30, 2023, the Foundation recognized \$9,381,674 and \$420,135 in lease revenue and interest revenue, respectively, pursuant to these contracts. These contracts have discount rates ranging from 0% to 3.34%.

At June 30, 2024, total future minimum rental payments to be received under noncancelable operating leases are as follows:

Year Ending June 30,	Related Party Leases		Nonrelated Party Leases		Total
	Principal	Interest	Principal	Interest	
2025	\$ 9,461,295	\$ 466,507	\$ 248,661	\$ 13,615	\$ 10,190,078
2026	6,142,190	313,119	146,041	7,606	6,608,956
2027	6,216,820	238,489	103,930	4,045	6,563,284
2028	6,293,832	161,477	64,315	1,537	6,521,161
2029	6,373,301	82,008	-	-	6,455,309
2030-2034	18,924,170	-	-	-	18,924,170
2035-2039	18,924,170	-	-	-	18,924,170
2040-2044	15,924,170	-	-	-	15,924,170
2045-2049	13,924,170	-	-	-	13,924,170
2050-2052	5,569,668	-	-	-	5,569,668
Total Minimum Lease Payments	<u>\$ 107,753,786</u>	<u>\$ 1,261,600</u>	<u>\$ 562,947</u>	<u>\$ 26,803</u>	<u>\$ 109,605,136</u>

Under the master lease agreement with the University for office building space, lease obligations are subject to availability of funds through the legislature's annual budget process. Although the University's intent is to occupy such space for the foreseeable future, by law, the University cannot commit beyond one year.

Total lease revenues for the years ended June 30, 2024 and 2023 were \$18,373,443 and \$32,079,062, respectively, which includes \$6,146,344 and \$6,415,685, respectively, in rent revenues from Common Area Maintenance (CAM) recoveries from tenants and approximately \$2,558,000 and \$15,297,000, respectively in surplus rent under the ground lease as discussed in Note 5.

NOTE 10 ADMINISTRATIVE FEES

The endowment fee represents an allocation for management and administration of endowed funds and is assessed on all endowments, including eminent scholar chairs, major gifts, other, etc., that represents a transfer from restricted to unrestricted funds. The endowment fee assessed on an annual basis, is based on the fair value of the fund and totals an annual rate of 1.95% for fiscal 2024 and 2.05% for fiscal 2023 on endowed funds, resulting in a fee for fiscal years 2024 and 2023 of \$5,500,000 and \$4,600,000, respectively. For financial reporting purposes, these fees are eliminated. Effective July 1, 2021, the Foundation reduced the endowment fee from 2.25% to 2.15% and further reduced this fee by 0.10% each year through July 1, 2023, at which point the target rate of 1.95% was reached.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 PENSION PLANS

Florida Retirement System (FRS)

The University follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement requires a cost-sharing employer to recognize a liability for its proportionate share of the net pension liability. However, since all employees including those working at the Foundation are considered to be University employees, the University does not determine a separate net pension liability amount for University personnel working for the Foundation.

State University System Optional Retirement Program

Pursuant to Section 121.35, Florida Statutes, the Florida legislature created an Optional Retirement Program (the Program) for eligible State University System faculty and administrators. The Program, which became effective July 1, 1984, was expanded in 1988 to include the State University System Executive Service. The Program is designed to aid the university system in recruiting employees by offering more portability to those employees who are not expected to remain in the FRS for six or more years. The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Information on contributions made to the program are disclosed in the University's financial statements.

Other Postemployment Healthcare Benefits

As required by Section 112.081, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. The University subsidizes the premium rates paid by retirees, including Foundation funded participants, by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) rates. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Since all employees working for the Foundation are considered University employees, the University does not determine a separate unfunded liability amount for University personnel working for the Foundation.

Public Employee Optional Retirement Program

Pursuant to Section 121.4501, Florida Statutes, effective June 1, 2002, the Florida legislature created a Public Employee Optional Retirement Program (PEORP), also known as the FRS Investment Program. PEORP is a defined contribution plan, sponsored by the state of Florida, available as an option to the FRS and is self-directed by the employees. Foundation employees already participating in the State University System Optional Retirement Program, or the DROP are not eligible to participate in this program. Information on contributions made to the program are disclosed in the University's financial statements.

The University does not determine a separate net pension liability amount for University personnel working for the Foundation participating in the above plans. As a result, no liability has been accrued in these financial statements and the University accrues the entire amount. Please refer to the University's financial statements for further details on the plan.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Foundation purchases commercial insurance. Insurance for job-related illnesses or injuries to University employees is the responsibility of the state of Florida and no amounts are charged to the various state entities for this cost.

During the year ended June 30, 2024, basic types of insurance coverage remained the same as the types of coverage for June 30, 2023. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Commitments

In August 2015, The Foundation agreed to sell a portion of property adjacent to the University boundary to CCRC Development Corporation (CDC), a University Affiliated continuing care retirement community known as Legacy Pointe at UCF.

In order for CDC to receive permanent financing for the project, they were required to have a Liquidity Support agreement (LSA) held by a trustee in place to cover operating costs for up to 24 months beyond the anticipated resident fill up and project stabilization period. In March 2016, the Foundation's Board approved funding the LSA for an amount up to \$5,000,000 for CDC.

Since CDC finalized financing for the project during fiscal year 2020, the Foundation was required to fulfill its commitment to fund the LSA held by trustee. The Foundation funded the LSA in fiscal year 2020 using approximately \$2.8 million in proceeds from the CDC promissory note payment and related accrued interest which is being held in a liquidity support account held by the master trustee. The Foundation also funded an additional \$2.2 million of unrestricted funding in accordance with the agreement which is being held in a liquidity escrow account at the Foundation, pledged to fund and secure the Foundation's obligations to make future transfers to the liquidity support account. During the year ended June 30, 2023, the CDC made their first draw of approximately \$1,310,000 on the liquidity support account. The total of approximately \$4,075,000 available in both accounts are included in restricted cash and investments on the Foundation's statements of net position, respectively.

Contingencies

The Foundation participates in state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable state regulations. Any disallowance resulting from a regulatory audit may become a liability to the Foundation. Liabilities, if any, from such audits, if any, are recorded when the amounts of such liabilities become reasonably determinable.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable Endowments		
OPERATING REVENUES					
Contributions, Net	\$ 429,675	\$ 44,319,434	\$ -	\$ -	\$ 44,749,109
Rental Income	18,373,443	-	-	-	18,373,443
Net Realized and Unrealized					
Gains on Investments	11,842,369	21,665,920	-	-	33,508,289
Interest and Dividends	554,784	327,415	-	-	882,199
License Plate Proceeds	995,049	-	-	-	995,049
Other Revenue	80,976	219,912	-	-	300,888
Total Operating Revenues, Net	32,276,296	66,532,681	-	-	98,808,977
OPERATING EXPENSES					
Building Operations	8,678,481	-	-	3,173,457	11,851,938
Athletics	9,796,486	6,149,469	-	-	15,945,955
Fundraising	7,211,117	-	-	-	7,211,117
Management and General	13,343,351	8,122	-	-	13,351,473
Student Aid	444,533	5,767,872	-	-	6,212,405
Academic Programs	9,330	8,697,744	-	2,888	8,709,962
Alumni Relations	4,701,082	76,171	-	-	4,777,253
General Support to UCF	14,205,554	8,111,227	-	-	22,316,781
Research	-	909,911	-	-	909,911
Total Operating Expenses	58,389,934	29,720,516	-	3,176,345	91,286,795
OPERATING GAIN (LOSS)	(26,113,638)	36,812,165	-	(3,176,345)	7,522,182
NONOPERATING REVENUES					
Support from UCF - Noncash	11,957,396	-	-	-	11,957,396
Change in Value of Split Interest					
Agreements	-	(36,664)	-	-	(36,664)
Total Nonoperating Revenues	11,957,396	(36,664)	-	-	11,920,732
GAIN (LOSS) BEFORE ENDOWMENT CONTRIBUTIONS	(14,156,242)	36,775,501	-	(3,176,345)	19,442,914
ENDOWMENT CONTRIBUTIONS	-	-	4,544,695	-	4,544,695
GAIN (LOSS) BEFORE TRANSFERS	(14,156,242)	36,775,501	4,544,695	(3,176,345)	23,987,609
TRANSFERS					
Net Transfers In (Out)	3,352,520	(12,265,177)	(100,056)	-	(9,012,713)
Internal Fees	1,528,392	7,275,762	208,559	-	9,012,713
Capital Asset Adjustments In (Out)	3,580,121	-	-	(3,580,121)	-
Total Transfers	8,461,033	(4,989,415)	108,503	(3,580,121)	-
CHANGE IN NET POSITION	(5,695,209)	31,786,086	4,653,198	(6,756,466)	23,987,609
Net Position - Beginning of Year	100,752,523	142,336,686	156,006,374	66,139,409	465,234,992
NET POSITION - END OF YEAR	\$ 95,057,314	\$ 174,122,772	\$ 160,659,572	\$ 59,382,943	\$ 489,222,601

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable Endowments		
OPERATING REVENUES					
Contributions, Net	\$ 166,864	\$ 50,495,123	\$ -	\$ -	\$ 50,661,987
Rental Income	32,079,062	-	-	-	32,079,062
Net Realized and Unrealized					
Gains on Investments	8,541,106	10,727,672	-	-	19,268,778
Interest and Dividends	799,485	(223,224)	-	-	576,261
License Plate Proceeds	971,782	-	-	-	971,782
Other Revenue	165,643	339,052	-	-	504,695
Total Operating Revenues, Net	42,723,942	61,338,623	-	-	104,062,565
OPERATING EXPENSES					
Building Operations	8,869,550	-	-	3,084,503	11,954,053
Athletics	453	3,324,936	-	-	3,325,389
Fundraising	7,069,308	31,921	-	-	7,101,229
Management and General	9,608,716	-	-	-	9,608,716
Student Aid	373,957	4,683,959	-	-	5,057,916
Academic Programs	43,095	10,006,711	-	-	10,049,806
Alumni Relations	3,768,723	26,411	-	-	3,795,134
General Support to UCF	1,294,147	5,427,739	-	-	6,721,886
Research	146,631	1,113,900	-	-	1,260,531
Total Operating Expenses	31,174,580	24,615,577	-	3,084,503	58,874,660
OPERATING GAIN (LOSS)	11,549,362	36,723,046	-	(3,084,503)	45,187,905
NONOPERATING REVENUES					
Support from UCF - Noncash	11,592,709	-	-	-	11,592,709
Change in Value of Split Interest					
Agreements	-	(34,780)	-	-	(34,780)
Total Nonoperating Revenues	11,592,709	(34,780)	-	-	11,557,929
GAIN (LOSS) BEFORE ENDOWMENT CONTRIBUTIONS	23,142,071	36,688,266	-	(3,084,503)	56,745,834
ENDOWMENT CONTRIBUTIONS	-	-	5,154,550	-	5,154,550
GAIN (LOSS) BEFORE TRANSFERS	23,142,071	36,688,266	5,154,550	(3,084,503)	61,900,384
TRANSFERS					
Net Transfers In (Out)	2,076,532	(10,651,135)	(53,663)	-	(8,628,266)
Internal Fees	1,426,593	7,201,673	-	-	8,628,266
Capital Asset Adjustments In (Out)	(5,811,934)	-	-	5,811,934	-
Total Transfers	(2,308,809)	(3,449,462)	(53,663)	5,811,934	-
CHANGE IN NET POSITION	20,833,262	33,238,804	5,100,887	2,727,431	61,900,384
Net Position - Beginning of Year	79,919,261	109,097,882	150,905,487	63,411,978	403,334,608
NET POSITION - END OF YEAR	\$ 100,752,523	\$ 142,336,686	\$ 156,006,374	\$ 66,139,409	\$ 465,234,992

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM
YEAR ENDED JUNE 30, 2024

Description Endowed	Beginning	Beginning	Corpus	Gifts to	Interest	Administrative	Other	Transfers	Ending	Ending
	Corpus Balance June 30, 2023	Total Balance June 30, 2023	Contributed During the Year	Spending During the Year	Income and Investment Earnings				Fees	Expenditures
ABC Fine Wine & Spirits Undergraduate Scholarship Endowment	\$ 630,000	\$ 856,473	\$ -	\$ -	\$ 126,895	\$ (20,619)	\$ (33,675)	\$ -	\$ 630,000	\$ 929,074
Accounting Advisory Board Endowed Scholarship Fund	159,130	208,690	-	-	29,472	(4,789)	(10,000)	-	159,130	223,373
Accounting Advisory Board Research Support Fund	342,629	559,688	-	-	62,661	(10,182)	-	-	342,629	612,167
AdventHealth Foundation Endowed Chair in Cardiovascular Research	1,750,341	2,433,663	-	-	324,484	(52,725)	(123,066)	-	1,750,341	2,582,356
Agere Systems Eminent Scholar Chair of Computer Science	1,020,000	1,564,494	-	-	216,892	(35,242)	(53,566)	-	1,020,000	1,692,578
Al & Nancy Burnett Eminent Scholar Chair in Accounting	1,020,500	1,690,610	-	-	227,389	(36,948)	(81,016)	-	1,020,500	1,800,035
Alex Alexander Endowed Professorship	195,679	295,673	-	-	41,848	(6,800)	(8,957)	-	195,679	321,764
Alumni Trust "A" Endowment	785,887	1,155,188	1,540	-	151,725	(24,628)	(9,500)	-	787,427	1,274,325
Anheuser-Busch Academic Enhancement Fund	750,000	1,305,144	-	-	128,521	(20,883)	(5,369)	-	750,000	1,407,413
ARDA Timeshare Professorship Endowed Fund	150,000	242,358	-	-	35,909	(5,835)	-	-	150,000	272,432
Arthur & Sally Hillman Endowed Scholarship	299,069	352,472	-	-	50,016	(8,127)	(16,000)	-	299,069	378,361
AT&T Wireless Endowed Scholarship Fund	150,000	179,579	-	-	25,086	(4,076)	(2,000)	-	150,000	198,589
BE2000 Leadership Endowed Scholarship Fund	1,063,996	2,006,349	-	-	225,119	(36,579)	(20,000)	-	1,063,996	2,174,889
Beat M. and Jill L. Kahli Endowed Professorship in Oncology Nursing	480,075	642,417	-	-	89,737	(14,581)	(6,532)	-	480,075	711,041
Bert Fish Memorial Scholarship in Nursing Education Fund	1,020,000	1,353,779	-	-	189,439	(30,782)	(4,178)	-	1,020,000	1,508,258
Business Ethics Endowed Scholarship	145,000	166,880	-	-	24,351	(3,957)	(8,225)	-	145,000	179,049
C.G. Avery Professorship in Accounting	151,430	239,074	-	-	29,927	(4,863)	-	-	151,430	264,138
CAE Link Endowed Professorship	180,000	320,592	-	-	42,600	(6,922)	-	-	180,000	356,270
Carl H. Galloway, Jr. Chair for Excellence in Business	1,000,000	2,196,427	-	-	247,993	(40,296)	(135,963)	-	1,000,000	2,268,161
CBA Department of Marketing Endowed Faculty Development Account	164,672	275,070	-	-	27,608	(4,486)	-	-	164,672	298,192
Central Florida Chapter of the Air Force Association Air Force ROTC Endowed Scholarship	173,702	235,578	1,225	1,259	31,821	(5,136)	-	-	174,927	264,747
Central Florida Hotel Lodging Association Professorship	150,000	327,026	-	-	42,846	(6,962)	-	-	150,000	362,910
Central Florida Kidney Center Endowed Scholarship	150,000	180,399	-	-	25,754	(4,185)	(9,800)	-	150,000	192,168
Charles N. Millican Eminent Scholar Chair in Computer Science	1,001,000	1,588,791	-	-	213,759	(34,733)	(46,901)	-	1,001,000	1,720,916
Cobb Family Eminent Scholar Chair	1,100,500	2,161,605	2,000	-	629,789	(46,188)	-	318,390	1,102,500	3,065,596
College of Engineering Alumni Chapter Endowed Scholarship	267,724	308,300	50	-	44,772	(7,274)	(3,000)	-	267,774	342,848
Conway Garden Club Endowed Professorship Fund	150,000	189,932	-	-	27,557	(4,478)	(9,918)	-	150,000	203,093
Daniel D. Hammond Engineering Endowed Scholarship/Fellowship	244,687	283,709	-	-	40,924	(6,650)	(2,000)	-	244,687	315,983
Darden Restaurants Academic Excellence Fund	4,000,002	4,710,109	-	-	690,731	(112,236)	(27,869)	-	4,000,002	5,260,735
Davis-Shine Endowed Professorship in Conservation Biology	150,150	215,987	-	-	28,778	(4,676)	(25,384)	-	150,150	214,705
Della Phillips Martha Schenck Chair of American Private Enterprise	1,000,000	1,738,258	-	-	236,980	(38,506)	(53,175)	-	1,000,000	1,883,557
DeVos / Orlando Magic Sport Business Management Endowed Scholarship	150,000	208,373	-	-	25,349	(4,119)	(8,000)	-	150,000	221,603
DeVos Endowment for Academics and Sports	10,000,250	11,281,828	15	-	1,663,667	(270,326)	(313,791)	-	10,000,265	12,361,393
DeVos Sport Business Management Program Endowed Fund	5,000,035	5,708,667	-	-	836,242	(135,879)	(253,568)	-	5,000,035	6,155,462
Doris H. Lester Endowed Merit Scholarship	150,000	174,814	-	-	24,950	(4,054)	(1,000)	-	150,000	194,710
Dorothy Anne Perkins Tomlinson Endowed Scholarship Fund	158,000	185,203	1,000	-	26,539	(4,283)	(8,000)	-	159,000	200,459
Dorothy M. Gillespie Endowment for the Arts at UCF Fund	12,500	12,266	12,500	2,500	2,621	(288)	(1,205)	-	25,000	28,394
Dr. P. Phillips Institute for Research and Education	1,780,000	2,229,489	-	-	319,334	(51,888)	(60,820)	1,200	1,780,000	2,437,315
Dr. Phillips Institute for the Study of American Business Activity	308,757	863,931	-	-	105,668	(17,170)	(37,599)	-	308,757	914,830
Edmond and Victoria Wirths Memorial Scholarship	267,589	390,567	-	-	44,752	(7,272)	(2,675)	-	267,589	425,372
EY Endowed Professorship of Accounting	154,549	292,078	-	-	35,293	(5,735)	(5,455)	-	154,549	316,181
Florida Blue Endowed Professorship for Healthy Communities Fund	300,000	465,013	500,000	-	174,950	(10,443)	-	40,000	800,000	1,169,520

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Description Endowed	Beginning Corpus Balance June 30, 2023	Beginning Total Balance June 30, 2023	Corpus Contributed During the Year	Gifts to Spending During the Year	Interest Income and Investment Earnings	Administrative Fees	Over Expenditures	Transfers	Ending Corpus Balance June 30, 2024	Ending Total Balance June 30, 2024
Frank M. Hubbard Engineering Endowed Scholarship	\$ 152,500	\$ 214,710	\$ -	\$ -	\$ 30,946	\$ (5,028)	\$ (10,000)	\$ -	\$ 152,500	\$ 230,628
Fullerton Family Fund Endowed	386,797	465,541	-	-	63,328	(10,290)	(10,114)	-	386,797	508,465
Gerald R. Langston Endowed Scholarship	152,493	183,661	-	-	26,498	(4,306)	(5,000)	-	152,493	200,853
Gerry and Ruth Hartman Endowed Professorship	150,000	212,454	-	-	28,586	(4,645)	(9,287)	-	150,000	227,108
Greater Orlando Builders Association Foundation Endowed Scholarship	150,020	182,014	-	-	26,879	(4,369)	(13,020)	-	150,020	191,504
Harris Corporation Broadcast Center Endowment Fund	150,000	207,811	-	-	25,422	(4,131)	-	-	150,000	229,102
Tangelo Park Program	2,170,000	2,405,424	-	-	354,405	(57,602)	(67,433)	-	2,170,000	2,634,794
Helene Fuld Health Trust Scholarship Fund Endowed	876,167	1,012,118	-	-	146,302	(23,772)	(26,000)	-	876,167	1,108,648
HFTP Financial Management and Technology Professorship Endowed Fund	150,000	236,366	-	-	35,019	(5,690)	-	-	150,000	265,695
Hospitality and Travel Industry Education and Research Program	6,000,826	7,163,664	50	-	1,017,943	(165,403)	(98,115)	-	6,000,876	7,918,139
Howard Phillips Eminent Scholar Chair in Real Estate	1,020,000	1,169,269	-	-	171,552	(27,875)	(24,000)	-	1,020,000	1,288,946
Hubbs-Sea World Endowed Professorship	150,000	199,905	-	-	25,604	(4,160)	(1,714)	-	150,000	219,635
Hughes Simulation Systems Professorship	180,060	519,355	-	-	41,438	(6,733)	-	-	180,060	554,060
J. Willard and Alice S. Marriott Foundation Academic Excellence Fund	150,050	233,532	-	-	25,099	(4,078)	(8,557)	-	150,050	245,996
Jack D. Holloway Endowed Health Professions Scholarship Fund	300,000	420,240	-	-	56,133	(9,121)	(12,000)	-	300,000	455,252
Jack D. Holloway Endowed Scholarship	300,000	424,241	-	-	56,133	(9,121)	-	-	300,000	471,253
James and Annie Ying Eminent Scholar in Biology Program Endowment	150,000	177,180	-	-	26,153	(4,250)	(7,424)	-	150,000	191,659
Jim Heistand NAIOP Eminent Scholar Endowed Chair in Real Estate	820,550	1,088,316	-	-	153,397	(24,925)	(17,000)	-	820,550	1,199,788
John L. Brinson Endowed Scholarship	101,000	144,317	-	-	19,236	(3,126)	(4,000)	-	101,000	156,427
John L. Brinson Ethics Professorship	50,520	75,333	-	-	11,042	(1,794)	(3,643)	-	50,520	80,938
Kenneth G. Dixon School of Accounting Endowment Fund	5,022,920	7,145,503	-	-	863,981	(140,387)	(195,063)	-	5,022,920	7,674,034
Kimball Foundation Minority Scholarship Endowment	152,300	192,527	-	-	28,525	(4,635)	(7,570)	-	152,300	208,847
KPMG Peat Marwick Professorship Endowment	183,740	261,320	-	-	34,327	(5,578)	(7,112)	-	183,740	282,957
Langford Family Foundation Endowed Scholarship Fund	189,687	216,486	-	-	33,582	(5,377)	(8,400)	-	189,687	236,291
Lockheed Martin Eminent Scholar Chair of Science and Math	1,759,755	2,425,390	-	-	327,107	(53,151)	(129,035)	-	1,759,755	2,570,311
Lockheed Martin Professorship in Engineering	150,000	239,387	-	-	32,627	(5,301)	(3,727)	-	150,000	262,986
Lockheed Martin St. Laurent Professorship	160,000	297,636	-	-	40,971	(6,657)	(10,315)	-	160,000	321,635
Lockheed Martin Transition to Mathematics and Science Teaching Endowed Fund	677,500	950,866	-	-	111,937	(18,188)	(1,241)	-	677,500	1,043,374
Lucia C. Cooke Endowed Music Scholarship Fund	162,903	249,932	-	-	27,776	(4,513)	(1,750)	-	162,903	271,445
Mary P. McNamara Scholarship Endowment #1	150,000	189,985	-	-	28,149	(4,574)	(7,470)	-	150,000	206,090
Mary P. McNamara Scholarship Endowment #2	150,000	171,697	-	-	25,114	(4,081)	(7,700)	-	150,000	185,030
McArdle Graduate Assistantship in Real Estate Fund	150,000	228,283	-	-	26,065	(4,235)	-	-	150,000	250,113
Mildred W. Coyle Eminent Scholar Endowed Chair	1,020,000	1,385,774	-	-	180,819	(29,381)	(67,989)	-	1,020,000	1,469,223
Moss Family Endowed Scholarship Fund	594,891	698,614	-	-	100,378	(16,310)	(38,500)	-	594,891	744,182
NAIOP Jim Brown Endowed Real Estate and Business Ethics Scholarship Fund NAIOP - National Association Industrial and Office Properties	204,100	281,033	-	-	34,237	(5,563)	(15,000)	-	204,100	294,707
Northrop Grumman Scholarship Fund (Formerly Litton Scholarship End)	214,743	367,647	-	-	54,012	(8,776)	(9,500)	-	214,743	403,383
Orlando Sentinel Endowed Scholarship	252,500	336,032	-	-	41,697	(6,775)	(40,000)	-	252,500	330,954
Orlando Shakespeare Theater Endowment in Playwriting	775,000	872,107	-	-	128,662	(20,906)	(32,500)	-	775,000	947,363
Progress Energy Endowed Scholarship Fund	151,500	221,641	-	-	31,803	(5,168)	(10,000)	-	151,500	238,276
Richard T. Crotty Orange County Endowed Chair	1,020,000	1,461,882	-	-	206,860	(33,612)	(25,683)	-	1,020,000	1,609,447
Robert E. & Elisabeth S. Carey Library Endowment	338,343	468,814	-	-	56,618	(9,200)	(38,799)	-	338,343	477,433
Robert N. Heintzelman Eminent Scholar Endowed Chair Fund	1,020,570	1,464,713	-	-	195,625	(31,787)	(51,300)	-	1,020,570	1,577,251

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Description Endowed	Beginning Corpus Balance June 30, 2023	Beginning Total Balance June 30, 2023	Corpus Contributed During the Year	Gifts to Spending During the Year	Interest Income and Investment Earnings	Administrative Fees	Over Expenditures	Transfers	Ending Corpus Balance June 30, 2024	Ending Total Balance June 30, 2024
Robertson Student Support Fund	\$ 287,329	\$ 448,236	\$ -	\$ -	\$ 47,423	\$ (7,706)	\$ -	\$ -	\$ 287,329	\$ 487,953
Sadler National Merit Scholarship Endowment	675,000	792,345	-	-	113,108	(18,379)	(58,952)	-	675,000	828,122
SAIC Endowed Professorship	150,000	227,527	-	-	29,842	(4,849)	(3,084)	-	150,000	249,436
Skura Family Endowed Freedom Scholarship	700,025	800,669	-	-	118,627	(19,276)	(30,281)	-	700,025	869,739
Sonny's Endowment for the President's Scholars Program	170,150	236,139	-	-	32,273	(5,244)	(8,750)	-	170,150	254,418
Suchoski Graduate Fellowship Endowed Fund	300,000	443,335	-	-	62,954	(10,229)	(30,000)	-	300,000	466,060
Tess and Abe Wise Endowed Professorship in Judaic Studies	157,676	235,106	-	-	31,002	(5,037)	(4,969)	-	157,676	256,102
The Al Ghazali Endowed Distinguished Professorship in Islamic Studies	841,168	1,219,139	-	-	165,329	(26,864)	(25,486)	-	841,168	1,332,118
The Bob Neel Rotary Club of Orlando Endowed Scholarship	188,155	226,379	-	-	32,316	(5,251)	-	-	188,155	253,444
The Chatlos Foundation Endowed Chair in Nursing	1,020,000	1,287,872	-	-	187,293	(30,433)	(35,155)	-	1,020,000	1,409,577
The Darden Chair in Restaurant Management	1,020,000	2,080,478	-	-	271,870	(44,176)	-	-	1,020,000	2,308,172
The Dr. Neil Euliano Endowed Chair in Italian Studies	1,020,000	1,311,171	-	-	176,888	(28,742)	(26,586)	-	1,020,000	1,432,731
The Elizabeth Willey Endowed Scholarship Fund	150,200	188,478	-	-	27,925	(4,537)	(7,411)	-	150,200	204,455
The Harris Rosen Endowment Fund for the Hospitality Management Program Scholarship	2,170,000	2,410,190	-	-	355,008	(57,700)	(111,250)	-	2,170,000	2,596,248
The Judith and David Albertson Endowment in the Arts	560,000	755,792	10,000	-	96,398	(15,445)	(58,830)	-	570,000	787,915
The Lester N. Mandell Endowed Distinguished Lecture Series	615,100	756,150	-	-	107,706	(17,501)	(43,901)	-	615,100	802,454
The Margaret Scott Brown Memorial Music Fund	242,649	338,813	-	-	40,616	(6,600)	-	-	242,649	372,829
The Pattisapu Neuroscience Research, Education and Development Fund	345,200	571,077	-	-	65,487	(10,641)	(1,278)	-	345,200	624,645
The Shirley and Dick Wetherill Endowed Music Scholarship Fund	242,699	332,963	-	-	40,647	(6,605)	(4,000)	-	242,699	363,005
The SunTrust Bank, Central Florida, N.A. Eminent Scholar Chair of Banking	1,020,000	1,985,472	-	-	275,354	(44,742)	(100,277)	-	1,020,000	2,115,807
The Walter & Betty Boardman Endowed Professorship in Environmental Studies for Public Admin	152,000	305,231	-	-	36,289	(5,896)	(5,659)	-	152,000	329,965
Tony and Sonja Nicholson Endowment for the Nicholson School of Communication	1,767,850	2,095,052	-	4,320	300,481	(48,821)	(98,440)	-	1,767,850	2,252,592
UCF History Endowment Fund	150,083	194,987	-	-	25,225	(4,099)	(7,848)	-	150,083	208,265
University Club of Orlando Lead Scholarship #2	157,500	185,605	-	-	25,884	(4,206)	(16,800)	-	157,500	190,483
University Club of Orlando Scholarship Fund	150,000	185,073	-	-	27,344	(4,443)	(5,600)	-	150,000	202,374
Visit Orlando Endowed Chair	4,005,004	4,639,193	-	-	670,296	(108,915)	(8,382)	-	4,005,004	5,192,192
Vivian and Barry Woods Educational Endowment	261,250	307,003	5,000	-	45,191	(7,259)	(14,000)	-	266,250	335,935
Walt Disney World Academic Excellence Fund	2,560,002	2,985,934	-	-	422,411	(68,637)	(120,134)	-	2,560,002	3,219,574
Walt Disney World Co. Design and Engineering Endowed Scholarship	300,000	344,919	-	-	50,183	(8,154)	(2,000)	-	300,000	384,948
Wharton-Smith Group Endowed Professorship	150,000	218,596	-	-	28,998	(4,712)	(11,028)	-	150,000	231,854
William S. and Alice M. Jenkins Eminent Scholar Chair in Community Arts	1,007,548	1,595,151	-	-	218,433	(35,493)	(71,682)	-	1,007,548	1,706,409
William C. Schwartz Endowed Graduate Fellowship Fund	161,349	259,436	-	-	35,454	(5,761)	(10,000)	-	161,349	279,129
Total	\$ 88,887,225	\$ 118,622,774	\$ 533,380	\$ 8,079	\$ 16,686,990	\$ (2,636,728)	\$ (3,335,951)	\$ 359,590	\$ 89,420,605	\$ 130,238,134

OTHER INFORMATION (UNAUDITED)

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
DIRECTORS AND TERMS**

Term Expires June 30, 2027

1. Robert Kantor '97 '04MS '09MBA
2. Laurette Koellner '77
3. John Mahony '96
4. Jessica Blume '80
5. Roslyn Burttram P'20 H'23
6. Dana Patton '93
7. Mark Plaumann '84 '79MBA
8. Kevin Wydra '92

Term Expires June 30, 2026

1. Tandreia Bellamy '98
2. Clint Bullock '95
3. Brian Butler H'22
4. Cathy Engelman
5. Heather Pigman '94

Term Expires June 30, 2025

1. Carrie Daanen '92
2. James Harhi '97 (First Term)
3. Stuart Heaton P'17 (First Term)
4. Michael Hinn '92 (First Term)
5. Kevin Miller
6. Dianne Owen '93
7. Eva Tukdarian '90 '91

Term Expires June 30, 2024

1. John "Barry" Forbes '86
2. Laurence "Chris" Marlin '94
3. Thomas McNamara '88 (Renewed for Second Term, Expires June 30, 2028)
4. Marc McMurrin '01 (Renewed for Second Term, Expires June 30, 2028)

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
EX-OFFICIO MEMBERS (VOTING)**

Ex-Officio Members (Voting)

Provost, University of Central Florida (UCF)	Dr. Michael Johnson
Chair, UCF Alumni Board	Ms. Linh Dang '93
Advisor, UCF Board of Trustees	The Honorable Caryl McAlpin '77

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
OFFICERS**

Officers

Chair	Mr. Brian Butler H'22
Vice Chair	Mrs. Roslyn Burttram P'20
Vice Chair	Mr. Stuart Heaton P'17
Secretary	Mrs. Dana Patton '93
Treasurer	Mrs. Eva Tukdarian '90 '91
Immediate Past Chair	Ms. Carrie Daanen '92

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
EXECUTIVE COMMITTEE AND EXECUTIVE SUPPORT STAFF**

Executive Committee

Chair	Mr. Brian Butler H'22
Co-Vice Chair and Chair, Investment Committee	Mr. Stuart Heaton P'17
Co-Vice Chair and Chair, Donor Engagement & Stewardship Committee	Mrs. Roslyn Burttram P'20
Treasurer and Chair, Finance & Facilities Committee	Mrs. Eva Tukdarian '90 '91
Secretary	Mrs. Dana Patton '93
Chair, Audit Committee	Ms. Jessica Blume '80
Immediate Past Chair and Chair, Governance Committee	Ms. Carrie Daanen '92
Provost, UCF	Dr. Michael Johnson
Advisor, UCF Board of Trustees	The Honorable Caryl McAlpin '77
Chair, UCF Alumni Board of Directors	Ms. Linh Dang '93

Executive Support Staff

Mr. Rodney M. Grabowski, Senior VP for Advancement & Partnerships and Chief Executive Officer

Ms. Rachel Schaefer, Associate Vice President and Chief of Staff

Ms. Gina Sholtis, Senior Associate Vice President for Development

Ms. Becky Fulmer, Associate Vice President for Operations (through 5/2024)

Mr. Sean Hartman, Interim Chief Marketing and Communications Officer

Mr. Richard Welsh, Senior Associate General Counsel

Mrs. Janelle Hom, Director of Foundation Board Relations



**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***

Board of Directors
University of Central Florida Foundation
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of University of Central Florida Foundation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University of Central Florida Foundation's basic financial statements, and have issued our report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University of Central Florida 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 University of Central Florida Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of University of Central Florida 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.

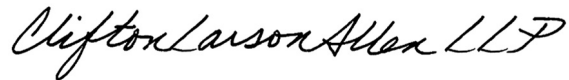
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



CliftonLarsonAllen LLP

Orlando, Florida
October 23, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650,
*RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

Board of Directors
University of Central Florida Foundation
Orlando, Florida

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited the University of Central Florida Foundation's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the State of Florida 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, 2024. 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, 2024.

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* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University of Central Florida 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 University of Central Florida 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 University of Central Florida 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 University of Central Florida 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 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 University of Central Florida 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*, and Chapter 10.650, 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 University of Central Florida 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 University of Central Florida 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 Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of University of Central Florida 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.

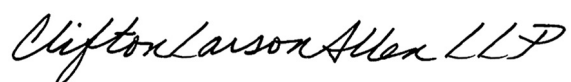
Report on Internal Control Over Compliance

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 program 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 a combination of deficiencies, in internal control over compliance with a 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 the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Orlando, Florida
October 23, 2024

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024**

<u>State Agency, Project Title</u>	<u>CSFA Number</u>	<u>Expenditures</u>
Department of Education and Commissioner of Education University Major Gift Program	48.074	\$ 3,335,951
Department of Highway Safety and Motor Vehicles University of Central Florida License Plate Project	76.029	<u>545,211</u>
Total Expenditures of State Financial Assistance		<u>\$ 3,881,162</u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state project activity of the University of Central Florida Foundation, Inc. (the Foundation), a discrete component unit of the University of Central Florida, for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Foundation.

Expenditures reported in the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by the state of Florida Single Audit Act and individual grant agreements wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 NATURE OF FUNDING

During fiscal year 2006, the state of Florida established a program in the form of matching grants for eligible donations for the establishment of permanent endowments. The program established standard policies and procedures to evaluate the eligibility of private donations submitted for the state matching funds, specify the purpose and use of endowment proceeds, determine monetary value of a gift, align pledge donations with requirements and document the receipt of gifts and donations. All eligible contributions are matched in accordance with the percentage schedule set forth in the Florida Statutes Section 1011.94.

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, 2024. The expenditures under the University Major Gifts program in the accompanying Schedule represent expenditures of earnings on endowments that have received state matching funds in prior years. These expenditures include amounts spent from earnings on both the state match portion and the private donor portions of the endowments.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Independent Auditors’ Results

Financial Statements

- | | | | |
|--|------------|---|--|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no | |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported | |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <input checked="" type="checkbox"/> no | |

State Financial Assistance

- | | | | |
|--|------------|---|--|
| 1. Internal control over major projects: | | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no | |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported | |
| 2. Type of auditors’ report issued on compliance for major projects: | Unmodified | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> of the State of Florida? | _____ yes | _____ <input checked="" type="checkbox"/> no | |

Identification of Major Projects

Assistance Listing Number

48.074

Name of State Project

University Major Gift Program

Dollar threshold used to distinguish between Type A and Type B projects:

\$ 750,000

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

No matters to report.

Section III – State Financial Assistance Findings

No matters to report.



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