

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**UNIVERSITY OF FLORIDA LEADERSHIP AND
EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA**

DECEMBER 31, 2017

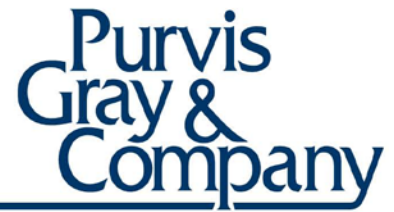
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**UNIVERSITY OF FLORIDA LEADERSHIP AND
EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA**

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Florida Leadership and
Education Foundation, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the University of Florida Leadership and Education Foundation, Inc. (the Foundation), which comprise the statement of net position as of December 31, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
University of Florida Leadership and
Education Foundation, Inc.
Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Foundation as of December 31, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis* on pages 3-5, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to *Management's Discussion and Analysis* in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 5, 2018, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is 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 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.


April 5, 2018
Gainesville, Florida

UFLEF MANAGEMENT'S DISCUSSION AND ANALYSIS

The University of Florida Leadership and Education Foundation, Inc.'s (the Foundation) discussion and analysis is designed to assist the reader in focusing on significant issues, provide an overview of the financial activities, identify changes in financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management's Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, which provide information about the activities of the Foundation and present a long-range view of the Foundation's financial position. The Statement of Cash Flows provides information regarding cash used in activities of the Foundation.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Since these notes are an integral part of the financial statements, they should be read in conjunction with the financial statements in order for the reader to have a clear understanding of the Foundation's activities and performance.

THE STATEMENT OF NET POSITION

The Statement of Net Position reflects the assets and liabilities of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation at a specified time. Net position, the difference between total assets and total liabilities, 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. The following summarizes the Foundation's assets, liabilities, and net position at December 31:

	<u>Net Position</u>	
	<u>2017</u>	<u>2016</u>
Total Assets	\$ 1,741,956	\$ 1,782,851
Total Liabilities	<u>(678,898)</u>	<u>(774,524)</u>
Net Position	<u>\$ 1,063,058</u>	<u>\$ 1,008,327</u>

The Foundation ended the 2017 fiscal year with assets of \$1,741,956 and liabilities of \$678,898, totaling net position of \$1,063,058; a positive change of \$54,731 over 2016.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Foundation realized a decrease of \$474,134 in 2017 total revenues and expenses over 2016. The Wedgworth Leadership Institute (WLI) also transferred \$125,000 from the UF Foundation Endowment Spendable Account, to serve as startup money for the first year of its two-year program. The Office of Conferences and Institutes (OCI) realized a decrease of \$558,871 in conference revenues and a decrease of \$17,146 in contributions over 2016. This is primarily due to the fact 2017 was the off year in OCI's two-year cycle. Furthermore, OCI had to cancel a large conference (Int'l Citrus & Beverage Processing Conference – ICBC) of 700 people due to Hurricane Irma. Overall, the Foundation realized a net positive balance of \$54,731. (See Statement of Cash Flows).

UFLEF MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

STATEMENT OF CASH FLOWS

It is important to note both OCI and WLI experience a routine cycle of up and down revenues and expenses due to the fact a few of the large conferences OCI organizes meet every other year. Also, WLI is a two-year program, whereas the first year is when registration fees are collected, and the second year entails the most expensive element of the program, the international trip, and the third year is the off year between programs. WLI had an increase of \$167,103 in operating expenses in 2017 over 2016, as 2016 was the off year of a three-year cycle.

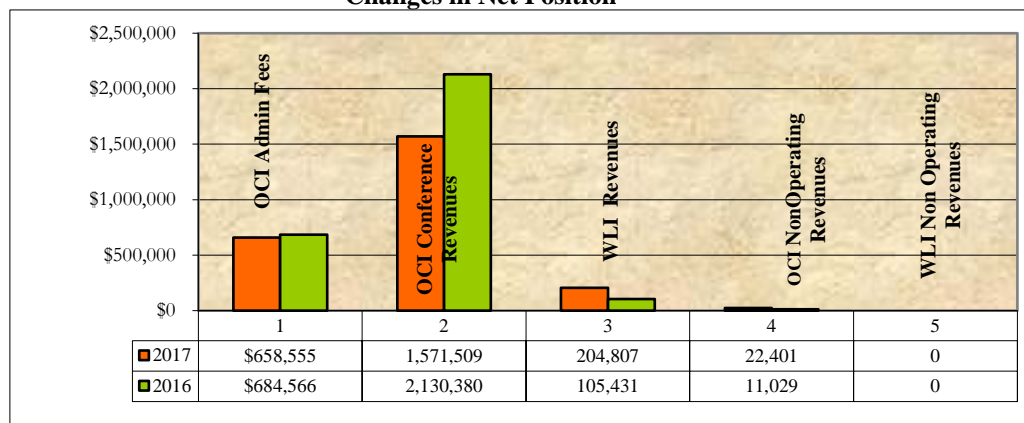
As mentioned in the statement of revenues, the ICBC conference cancelled September 2017 due to Hurricane Irma, resulting in OCI having to refund more than \$124,000 in individual registration payments and \$29,000 in sponsor payments. These refunds were processed over a two-month period (October and November).

While OCI had a decrease in 2017 conference revenues of \$558,871 over 2016, OCI also had a commensurate reduction in conference expenses of \$600,587. In total, a net positive change of \$54,731 was realized for the overall Foundation.

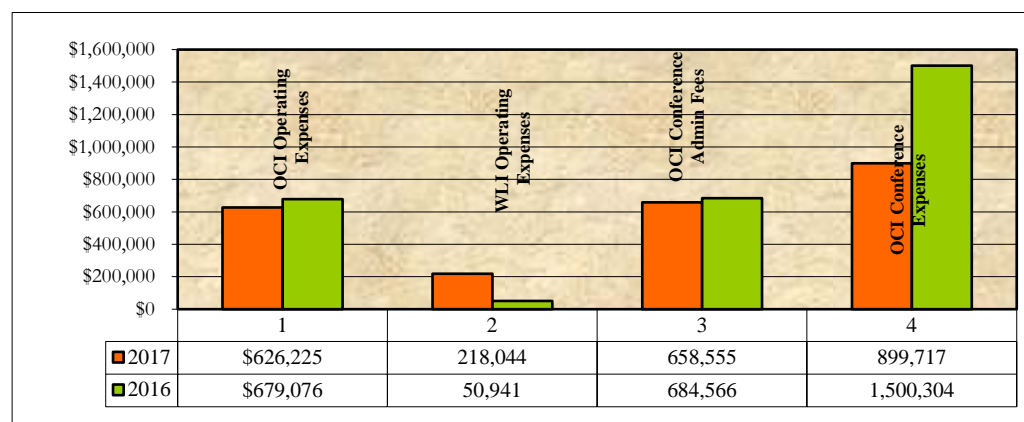
UFLEF MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

Changes in Net Position

Revenues



Expenses



2017	
Revenues	
<u>Operating Revenues</u>	
OCI Admin Fees	\$ 658,555
OCI Conference Revenues	1,571,509
WLI Revenues	204,807
Total Operating Revenues	2,434,871
<u>OCI NonOperating Revenues</u>	
OCI Contributions	22,401
Total OCI NonOperating Revenues	22,401
<u>WLI NonOperating Revenues</u>	
	0
Total Revenues	\$ 2,457,272
Expenses	
<u>Operating Expenses</u>	
Office of Conferences	\$ 626,225
Wedgworth Leadership Institute	218,044
OCI Conference Admin Fees	658,555
OCI Conference Expenses	899,717
Total Operating Expenses	2,402,541
Operating Income (Loss)	32,330
Changes in Net Position	\$ 54,731

2016	
Revenues	
<u>Operating Revenues</u>	
OCI Admin Fees	\$ 684,566
OCI Conference Revenues	2,130,380
WLI Revenues	105,431
Total Operating Revenues	2,920,377
<u>OCI NonOperating Revenues</u>	
OCI Contributions	11,029
Total OCI NonOperating Revenues	11,029
<u>WLI NonOperating Revenues</u>	
	0
Total Revenues	\$ 2,931,406
Expenses	
<u>Operating Expenses</u>	
Office of Conferences	\$ 679,076
Wedgworth Leadership Institute	50,941
OCI Conference Admin Fees	684,566
OCI Conference Expenses	1,500,304
Total Operating Expenses	2,914,887
Operating Income (Loss)	5,490
Changes in Net Position	\$ 16,519

STATEMENT OF NET POSITION
DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA

ASSETS

	2017			2016
	Unrestricted	Restricted	Total	Total
Current Assets				
Cash	\$ 1,641,081	\$ 0	\$ 1,641,081	\$ 1,735,735
Accounts Receivable	0	0	0	31,183
Prepaid Expenses	45,838	0	45,838	2,173
Payroll Deposit	55,037	0	55,037	13,760
Total Current Assets	<u>1,741,956</u>	<u>0</u>	<u>1,741,956</u>	<u>1,782,851</u>
Total Assets	<u>1,741,956</u>	<u>0</u>	<u>1,741,956</u>	<u>1,782,851</u>

LIABILITIES AND NET POSITION

Current Liabilities				
Accounts Payable	6,256	0	6,256	171,978
Advance Deposits	516,877	0	516,877	425,145
Unearned Revenues	155,765	0	155,765	177,401
Total Current Liabilities	<u>678,898</u>	<u>0</u>	<u>678,898</u>	<u>774,524</u>
Net Position				
Unrestricted	<u>1,063,058</u>	<u>0</u>	<u>1,063,058</u>	<u>1,008,327</u>
Total Net Position	<u>1,063,058</u>	<u>0</u>	<u>1,063,058</u>	<u>1,008,327</u>
Total Liabilities and Net Position	<u>\$ 1,741,956</u>	<u>\$ 0</u>	<u>\$ 1,741,956</u>	<u>\$ 1,782,851</u>

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA

	2017			2016
	Operating Funds		Total	Total
	Unrestricted	Restricted		
Operating Revenues				
Conference Administration Fees	\$ 658,555	\$ 0	\$ 658,555	\$ 684,566
Conference Revenue	0	1,776,316	1,776,316	2,235,811
Total Operating Revenues	<u>658,555</u>	<u>1,776,316</u>	<u>2,434,871</u>	<u>2,920,377</u>
Operating Expenses				
Conference Administration Fees	0	658,555	658,555	684,566
Other Conference-related Expenses	0	1,117,761	1,117,761	1,551,245
Reimbursed Payroll Expense	545,559	0	545,559	576,674
Office Supplies	11,927	0	11,927	15,181
Bank Charges	30,559	0	30,559	42,004
Repairs and Maintenance	350	0	350	0
Telephone	2,855	0	2,855	2,850
Postage and Delivery	119	0	119	45
Professional Fees	11,000	0	11,000	10,800
Travel	1,240	0	1,240	1,832
Computer	11,508	0	11,508	19,517
Other Miscellaneous	11,108	0	11,108	10,173
(Total Operating Expenses)	<u>(626,225)</u>	<u>(1,776,316)</u>	<u>(2,402,541)</u>	<u>(2,914,887)</u>
Operating Income (Loss)	<u>32,330</u>	<u>0</u>	<u>32,330</u>	<u>5,490</u>
Contributions				
Contributions	22,401	0	22,401	11,029
Total Contributions	<u>22,401</u>	<u>0</u>	<u>22,401</u>	<u>11,029</u>
Net Change in Net Position	54,731	0	54,731	16,519
Net Position, Beginning of Year	<u>1,008,327</u>	<u>0</u>	<u>1,008,327</u>	<u>991,808</u>
Net Position, End of Year	<u>\$ 1,063,058</u>	<u>\$ 0</u>	<u>\$ 1,063,058</u>	<u>\$ 1,008,327</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017,
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Conference Administration Fees	\$ 658,555	\$ 684,566
Conference Revenue	1,877,596	2,166,301
Payments for Salaries and Benefits	(545,559)	(576,674)
Payments to Vendors	(2,107,647)	(2,149,456)
Net Cash Provided by (Used in) Operating Activities	<u>(117,055)</u>	<u>124,737</u>
 Cash Flows from Noncapital Financing Activities		
Contributions/Gifts	<u>22,401</u>	<u>11,029</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>22,401</u>	<u>11,029</u>
 Net Change in Cash	(94,654)	135,766
 Cash, Beginning of Year	<u>1,735,735</u>	<u>1,599,969</u>
 Cash, End of Year	<u>\$ 1,641,081</u>	<u>\$ 1,735,735</u>
 <u>Reconciliation of Operating Income to Net Cash</u>		
<u> Provided by (Used in) Operating Activities</u>		
Operating Income (Loss)	\$ 32,330	\$ 5,490
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	31,184	5,455
Decrease (Increase) in Payroll Deposit	(41,277)	(327)
Decrease (Increase) in Prepaid Expenses	(43,666)	20,389
Increase (Decrease) in Accounts Payable	(165,722)	168,695
Increase (Decrease) in Unearned Revenues	91,732	(3,183)
Increase (Decrease) in Advance Deposits	(21,636)	(71,782)
Net Change from Operating Activities	<u>\$ (117,055)</u>	<u>\$ 124,737</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The University of Florida Leadership and Education Foundation, Inc. (the Foundation) is a direct support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida. The Foundation was formed as a not-for-profit organization in the State of Florida to further agriculture and natural resource education and related activities, promote agriculture and natural resources leadership, and to make contributions to and confer benefits upon the University of Florida.

Basis of Accounting

The Foundation's financial statements are prepared on the accrual basis of accounting in which transactions are recognized when they occur, regardless of related cash flows. These financial statements are entirely those of the Foundation alone and, accordingly, are not intended to present the financial position or the results of operations of the University of Florida. The Foundation was determined to be "governmental" under guidance provided by Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Foundation is considered a special purpose government engaged only in business-type activities.

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds established for various purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group, i.e., unrestricted funds and restricted funds.

Net position restricted by outside sources is so indicated and is distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds. In contrast, the Governing Board retains full control to use unrestricted funds (including those designated for specific purposes by that Governing Board) to achieve the purposes of the Foundation.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets.

Classification of Revenues

The Foundation classifies its revenues as operating or nonoperating according to the following criteria:

- Operating revenues include activities that have characteristics of exchange transactions, such as conference registration fees and conference administration fees.
- Nonoperating revenues include activities that have characteristics of nonexchange transactions, such as interest income and contributions.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position

The Foundation's net position is classified as follows:

■ **Unrestricted Net Position**

Unrestricted net position represents resources derived from unrestricted contributions, conference registration fees, and conference administration fees. These resources are used for transactions relating to the general operation of the Foundation, and may be used at the discretion of the Governing Board to meet current expenses for any purpose.

■ **Restricted Net Position**

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

Donated Services

The Foundation occupies office space at the University of Florida and is assisted by employees of the University of Florida. Since there is no clearly measurable basis to value these contributed services and facilities, no value for such services and facilities is recorded in the accompanying financial statements.

Cash

Cash represents deposits held with financial institutions and petty cash.

Accounts Receivable

The Foundation has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Capital Assets

All capital assets are owned by the University of Florida and recorded by the University of Florida Plant Fund. The Foundation does not include capital assets on their statement of net position and the costs of additions incurred by the Foundation are expensed as incurred.

Income Taxes

The Foundation is currently exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been made for income tax liabilities or expenses. The Foundation is subject to U.S. federal or state income tax examinations for the previous three years.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Prior Year Total Columns

The financial statements include certain prior year summarized comparative information in total. Such information does not contain sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

The carrying amount of cash on hand and on deposit with banks including interest-bearing deposits was \$1,641,081, and the related bank balance was \$1,642,810 for the year ended December 31, 2017. All deposits are held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes, as a public depository.

In 1993, the Foundation transferred management of its endowment fund investments to the University of Florida Foundation, Inc. The total amount of endowment assets held by the University of Florida Foundation, Inc. on behalf of the Foundation that have not been included in the accompanying financial statements was \$3,174,974 as of December 31, 2017. The earnings on these endowments are used to supplement the income for the Wedgworth Leadership Institute Program.

The composition of these funds at December 31, 2017, is as follows:

	<u>Principal Balance</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Beginning Balance January 1, 2017	\$ 2,295,396	\$ 540,643	\$ 126,748	\$ 2,962,787
Endowed Gifts	1,200	0	0	1,200
Investment Earnings/(Losses)	0	416,803	0	416,803
Administrative Expenses	0	(35,756)	(60)	(35,816)
Transfer to Unrestricted	0	(105,943)	105,943	0
Transfer to University of Florida	0	0	(170,000)	(170,000)
Transfer to Foundation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance December 31, 2017	<u>\$ 2,296,596</u>	<u>\$ 815,747</u>	<u>\$ 62,631</u>	<u>\$ 3,174,974</u>

Note 3 - Unearned Revenues

Unearned revenues consist of funds received for specific in-process conferences and seminars for which the related expense has not yet been incurred. These amounts are generally contributions and registration fees.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LEADERSHIP AND EDUCATION FOUNDATION, INC.
GAINESVILLE, FLORIDA
(Concluded)

Note 3 - Unearned Revenues (Concluded)

The accounts comprising unearned revenues as of December 31, 2017, were as follows:

Master Gardener	\$	1,745
WLI		66,253
FNRLI		48,568
FMNP		14,239
FMNP Special Topics		2,045
FNRLI Management Training		22,915
Total Unearned Revenues	\$	155,765

Note 4 - Advance Deposits

Advance deposits consist of funds received for specific conferences and seminars which have not yet begun. These amounts are generally registration fees. The accounts comprising advance deposits are as follows:

December 31, 2017:

ICBC	\$	21,161
Marine Mammal		31,390
Wildlife Disease		31,300
ACES		9,051
Biogeochemistry		31,698
Aquatic Weed		6,550
NCER		33,525
State of the Coast		11,500
FL Keys		1,426
Ecosystem Restoration		191,622
FMNP		52,234
NC1193		9,507
FMNP Special Topics		9,816
EFNEP		26,477
Beetle Academy		15,245
AIAEE		2,450
CALS Career Expo		6,500
FNRLI		10,732
GEER		14,693
Total Advanced Deposits as of December 31, 2017	\$	516,877

Note 5 - Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and personal injury. Although the Foundation is not currently aware of any impending losses, insurance against such losses is provided through the University of Florida.

**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 Florida Leadership and
Education Foundation, Inc.
Gainesville, 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 the University of Florida Leadership and Education Foundation, Inc. (the Foundation), as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such as there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 a material weakness.** However, material weaknesses may exist that have not been identified.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
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Gainesville, Florida

**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*
(Concluded)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under the *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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Durvis, Gray and Company, LLP

April 5, 2018
Gainesville, Florida