

The background features a close-up of a crocodile's head, rendered in a dark blue color. Overlaid on this is a white network diagram consisting of interconnected nodes and lines, creating a digital or data-themed aesthetic.

# ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



A DISCRETE COMPONENT UNIT OF  
THE UNIVERSITY OF FLORIDA

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## **Independent Auditor's Report**

Executive Board  
University of Florida Foundation, Inc.  
Gainesville, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities and the fiduciary activities of the University of Florida Foundation, Inc. (the Foundation), a discretely presented component unit of the University of Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Foundation, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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### ***Auditor's 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 auditor's 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### ***Prior Year Financial Statements***

The financial statements of the Foundation as of June 30, 2021 and for the year then ended were audited by other auditors, whose report dated September 29, 2021, expressed an unmodified opinion on those statements, required supplementary information and other supplementary information. The report contained an emphasis of matter paragraph noting the Foundation adopted the provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, requiring net position to be restated as of July 1, 2019. The opinion was not modified with respect to this matter.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, supplemental schedule of changes in net pension asset and related ratios, supplemental schedule of pension contributions and supplemental schedule of pension trust fund investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The supplemental 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental 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 included in the annual report. The other information comprises the Go Greater Campaign and Lasting Impact section listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit 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 13, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*BDO USA, LLP*

October 13, 2022

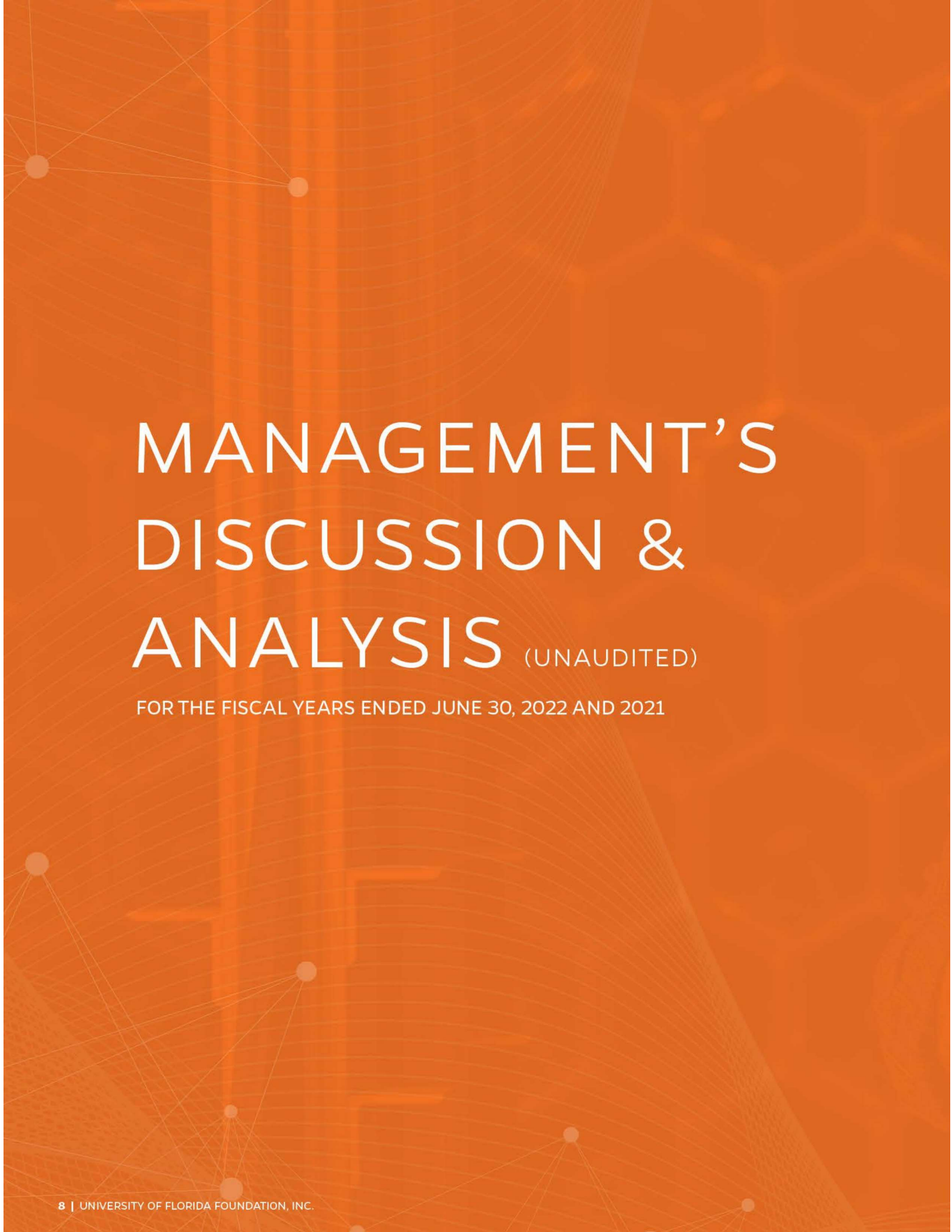
# GO GREATER

**EIGHT YEARS AGO**, the University and the Foundation, collectively as University Advancement, began an effort to accelerate UF's ascent to the nation's very best public universities. The **GO GREATER** campaign is an ambitious statement of who we want to be, and reflects our steadfast commitment to making an impact across the state, the nation and the world.



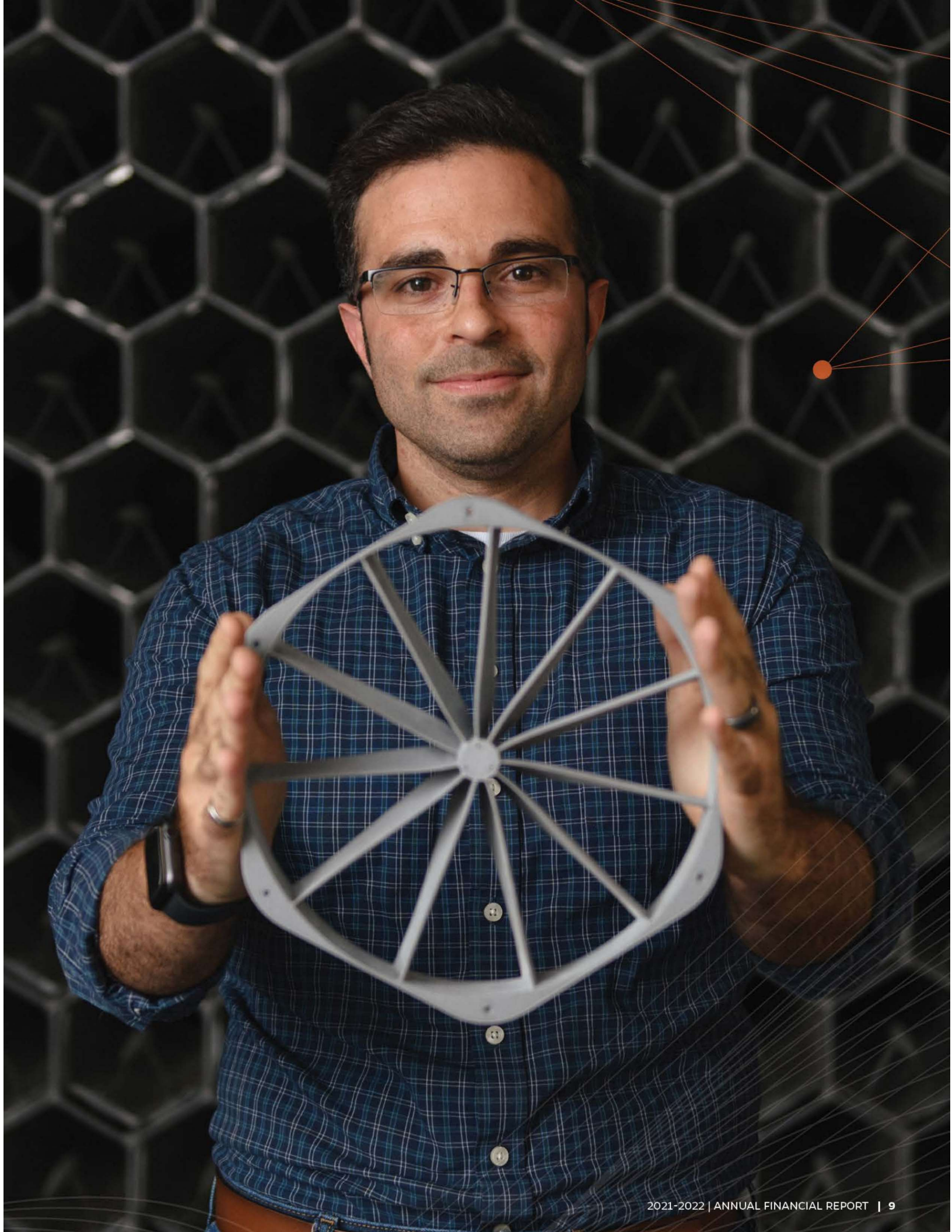






# MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



## THE FOUNDATION OPERATES AS PART OF UNIVERSITY ADVANCEMENT TO SUPPORT THE UNIVERSITY'S TRIFOLD MISSION OF TEACHING, RESEARCH AND SERVICE.

### Introduction

The University of Florida Foundation, Inc. (the Foundation) is a nonprofit entity established to solicit and manage funds for the benefit of the University of Florida (the University). The Foundation is governed by a board of directors (Board) consisting of a majority of volunteer board members, some of whom are significant donors to the Foundation. The Board also includes ex-officio University and Foundation officials. Board members are subject to approval by the University Board of Trustees. The Foundation is presented as a discrete component unit of the University and is certified as a direct support organization. The Foundation operates as an integral part of the wider consortium of offices and individuals known as University Advancement that work collaboratively to marshal resources in support of the University's trifold mission of teaching, research and service. In addition to the Foundation, this integrated model includes the University of Florida Alumni Association, Inc., as well as development and alumni relations teams embedded in the colleges and units of the University.

### Overview of Financial Statements

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Foundation, including its blended component unit, the University of Florida Alumni Association, Inc., but exclude fiduciary activities, which are reported in separate statements, as of and for the years ended June 30, 2022, 2021 and 2020 and should be read in conjunction with the financial statements and notes thereto.

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), 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. Additionally, pursuant GASB Statement No. 84, *Fiduciary Activities*, the Foundation

includes the Statement of Fiduciary Net Position and the Statement of Revenues, Expenses and Changes in Fiduciary Net Position as it relates to its pension trust fund (Foundation retirement plan) and custodial funds (funds held on behalf of University entities).

### Statement of Net Position

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Foundation and presents the financial position of the Foundation at a point in 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 investment in capital assets presents the Foundation's equity in property and equipment. 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 net investment in capital assets and are available to the Foundation for any legal use.

The Foundation's assets totaled \$2.7 billion as of June 30, 2022. This balance reflects a decrease of \$12.5 million, or 0.5% compared to June 30, 2021. Current assets increased \$33.6 million due to increases in cash and cash equivalents, receivables, current investments and current pledges receivable of \$0.9 million, \$20.6 million, \$0.8 million and \$11.4 million, respectively. Noncurrent investments decreased by \$118.3 million, driven by investment performance. Other noncurrent assets increased \$72.6 million, primarily due to increases in noncurrent notes receivable and noncurrent pledges receivable of \$1.8 million and \$81.7 million, respectively, offset by a decrease in the net pension asset of \$14.5 million.

The Foundation's assets totaled \$2.7 billion as of June 30, 2021. This balance reflects an increase of \$604.6 million, or 28.6% compared to June 30, 2020. Current assets increased \$7.9 million due to an increase in receivables of \$12.5 million, offset by a decrease in cash and cash equivalents, current investments and current pledges receivable of \$1.1 million, \$1.1 million and \$2.4 million, respectively. Noncurrent investments increased

by \$542.9 million, driven by investment performance, new trust assets and additional contributions to the endowment. Other noncurrent assets increased \$10.9 million, primarily due to increases in noncurrent pledges receivable, the cash surrender value of life insurance and the net pension asset of \$4.2 million, \$6.9 million and

\$0.9 million, respectively, offset by a decrease in real estate held for resale of and \$1.4 million.

The following table summarizes the Foundation's Statements of Net Position as of June 30, 2022 and the two preceding fiscal years:

### CONDENSED STATEMENTS OF NET POSITION (in thousands)

	2022	2021	2022-2021		2020	2021-2020	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
<b>Assets</b>							
Current assets	\$ 118,661	\$ 84,998	\$ 30,955	36.42%	\$ 77,086	\$ 7,912	10.26%
Noncurrent investments	2,331,352	2,449,612	(118,260)	-4.83%	1,906,670	542,942	28.48%
Capital assets, net	107,917	105,690	2,227	2.11%	62,776	42,914	68.36%
Other noncurrent assets	148,661	78,735	72,584	92.19%	67,882	10,853	15.99%
<b>Total assets</b>	<b>2,706,541</b>	<b>2,719,035</b>	<b>(12,494)</b>	<b>-0.46%</b>	<b>2,114,414</b>	<b>604,621</b>	<b>28.60%</b>
<b>Liabilities</b>							
Current liabilities	7,773	6,282	1,491	23.73%	5,514	768	13.93%
Other noncurrent liabilities	39,823	45,343	(5,520)	-12.17%	44,958	385	0.86%
<b>Total liabilities</b>	<b>47,596</b>	<b>51,625</b>	<b>(4,029)</b>	<b>-7.80%</b>	<b>50,472</b>	<b>1,153</b>	<b>2.28%</b>
<b>Deferred inflows of resources</b>	<b>17,277</b>	<b>28,427</b>	<b>(11,150)</b>	<b>-39.22%</b>	<b>17,512</b>	<b>10,915</b>	<b>62.33%</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>64,873</b>	<b>80,053</b>	<b>(15,180)</b>	<b>-18.96%</b>	<b>67,984</b>	<b>12,069</b>	<b>17.75%</b>
<b>Net position</b>							
Net investment in capital assets	106,328	103,748	2,580	2.49%	61,877	41,871	67.67%
Restricted - expendable	959,050	1,015,441	(56,391)	-5.55%	533,442	481,999	90.36%
Restricted - nonexpendable	1,535,474	1,478,236	57,238	3.87%	1,424,644	53,592	3.76%
Unrestricted	40,816	41,557	(741)	-1.78%	26,467	15,090	57.01%
<b>Total net position</b>	<b>\$ 2,641,668</b>	<b>\$ 2,638,982</b>	<b>\$ 2,686</b>	<b>0.10%</b>	<b>\$ 2,046,430</b>	<b>\$ 592,552</b>	<b>28.96%</b>

The Foundation's liabilities and deferred inflows of resources totaled \$64.9 million as of June 30, 2022. This balance reflects a decrease of \$15.2 million, or 19.0% compared to June 30, 2021. Current liabilities increased \$1.5 million primarily due to the increase in accounts payable and accrued expenses and software subscriptions of \$1.8 million and \$0.3 million, respectively, offset by decreases in other current liabilities and split-interest agreements of \$0.5 million and \$0.1 million, respectively. Other noncurrent liabilities decreased \$5.5 million, primarily due to a decrease in split-interest agreements of \$4.1 million. Deferred inflows decreased \$11.2 million due to decreases in split-interest agreements and pension liability, primarily due to investment performance and the termination of the pension plan.

The Foundation's liabilities and deferred inflows of resources totaled \$80.1 million as of June 30, 2021.

This balance reflects an increase of \$12.1 million, or 17.8% compared to June 30, 2020. Current liabilities increased \$0.8 million primarily due to the increase in other current liabilities, software subscription and split-interest agreements of \$0.4 million, \$0.6 million and \$0.3 million, respectively, offset by a decrease in accounts payable and accrued expenses of \$0.5 million. Other noncurrent liabilities increased \$0.4 million, primarily due to an increase in software subscription of \$0.6 million. Deferred inflows increased \$10.9 million due to increases in split-interest agreements and pension liability, primarily due to investment performance and other split-interest agreement activity.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Foundation does not record endowed pledges until they are received; however, endowed pledges receivable was \$71.0 million, \$64.3 million, and \$75.6 million as of June 30, 2022, 2021, and 2020, respectively.

## 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. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. GASB Statement No. 35 categorizes revenue and expenses as either operating or nonoperating.

Operating revenues included nonendowed contributions to the Foundation, support from the University, investment return and other nonendowed revenues. Operating expenses include distributions

of contributions and endowment spendable amounts to campus, as well as expenses supporting the advancement operations of the University. Nonoperating revenues include changes in value of nonendowed split-interest agreements. Changes in nonexpendable include endowment contributions and other revenues designated for permanent restriction.

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.

The following table summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2022 and the two preceding fiscal years:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)							
	2022	2021	2022-2021		2020	2021-2020	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
<b>Operating revenues</b>							
Contributions, net	\$ 190,279	\$ 203,733	\$ (13,454)	-6.60%	\$ 114,867	\$ 88,866	77.36%
Support from the University of Florida	23,352	23,721	(369)	-1.56%	26,637	(2,916)	-10.95%
Investment return, net	(42,708)	570,921	(613,629)	-107.48%	45,567	525,354	1152.93%
Other operating revenues	10,594	8,411	2,183	25.95%	7,741	670	8.66%
<b>Total operating revenues</b>	<u>181,517</u>	<u>806,786</u>	<u>(625,269)</u>	<u>-77.50%</u>	<u>194,812</u>	<u>611,974</u>	<u>314.14%</u>
<b>Operating expenses</b>							
Program services	171,661	223,420	(51,759)	-23.17%	157,807	65,613	41.58%
Supporting services	60,911	43,516	17,395	39.97%	45,402	(1,886)	-4.15%
<b>Total operating expenses</b>	<u>232,572</u>	<u>266,936</u>	<u>(34,364)</u>	<u>-12.87%</u>	<u>203,209</u>	<u>63,727</u>	<u>31.36%</u>
<b>Operating income (loss)</b>	(51,055)	539,850	(590,905)	-109.46%	(8,397)	548,247	-6529.08%
<b>Nonoperating revenues</b>	32	814	(782)	-96.07%	737	77	10.45%
<b>Income (loss) before change in nonexpendable</b>	<u>(51,023)</u>	<u>540,664</u>	<u>(591,687)</u>	<u>-109.44%</u>	<u>(7,660)</u>	<u>548,324</u>	<u>-7158.28%</u>
<b>Changes in nonexpendable</b>							
Endowment contributions	50,705	50,581	124	0.25%	55,308	(4,727)	-8.55%
Other changes in nonexpendable	3,004	1,307	1,697	129.84%	6,146	(4,839)	-78.73%
<b>Total changes in nonexpendable</b>	<u>53,709</u>	<u>51,888</u>	<u>1,821</u>	<u>3.51%</u>	<u>61,454</u>	<u>(9,566)</u>	<u>-15.57%</u>
<b>Change in net position</b>	2,686	592,552	(589,866)	-99.55%	53,794	538,758	1001.52%
<b>Net position - beginning of year</b>	<u>2,638,982</u>	<u>2,046,430</u>	<u>592,552</u>	<u>28.96%</u>	<u>1,992,636</u>	<u>53,794</u>	<u>2.70%</u>
<b>Net position - end of year</b>	<u>\$ 2,641,668</u>	<u>\$ 2,638,982</u>	<u>\$ 2,686</u>	<u>0.10%</u>	<u>\$ 2,046,430</u>	<u>\$ 592,552</u>	<u>28.96%</u>

The Foundation's net position increased \$2.7 million, or 0.1% during the fiscal year 2022, driven by contribution revenue offset by investment performance. The

Foundation's net position increased \$592.6 million, or 29.0% during the fiscal year 2021, driven by contribution revenue and investment performance.

## Operating Revenues

The following table summarizes the operating revenues by source that were used to fund operating activities for the fiscal year ended June 30, 2022 and the two preceding fiscal years:

	OPERATING REVENUES (in thousands)						
			2022-2021		2021-2020		
	2022	2021	Increase (Decrease)	Percent Change	2020	Increase (Decrease)	Percent Change
Contributions, net	\$ 190,279	\$ 203,733	\$ (13,454)	-6.60%	\$ 114,867	\$ 88,866	77.36%
Support from the University of Florida	23,352	23,721	(369)	-1.56%	26,637	(2,916)	-10.95%
Investment return, net	(42,708)	570,921	(613,629)	-107.48%	45,567	525,354	1152.93%
Other operating revenues	10,594	8,411	2,183	25.95%	7,741	670	8.66%
<b>Total operating revenues</b>	<b>\$ 181,517</b>	<b>\$ 806,786</b>	<b>\$ (625,269)</b>	<b>-77.50%</b>	<b>\$ 194,812</b>	<b>\$ 611,974</b>	<b>314.14%</b>

Operating revenues totaled \$181.5 million for fiscal year 2022, a decrease of \$625.3 million, or 77.5% as compared to fiscal year 2021. Nonendowed contributions decreased \$13.5 million to \$190.3 million despite continued strength in donor giving and campaign initiatives. Investment return decreased \$613.6 million due to lower investment performance as compared to fiscal year 2021. Other operating revenues increased \$2.2 million due to higher license tag revenues and other revenues.

Operating revenues totaled \$806.8 million for fiscal year 2021, an increase of \$612.0 million, or 314.1% as compared to fiscal year 2020. Nonendowed contributions increased \$88.9 million to \$203.7 million due to continued strength in donor giving and campaign initiatives. Investment return increased \$525.4 million due to higher investment performance as compared to fiscal year 2020. Other operating revenues increased \$0.7 million due to higher license tag revenues and other revenues.



## Operating Expenses

The following table summarizes the operating expenses by function for the fiscal year ended June 30, 2022 and the two preceding fiscal years:

OPERATING EXPENSES (in thousands)							
	2022	2021	2022-2021		2020	2021-2020	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
<b>Operating expenses</b>							
Program services							
General college support	\$ 69,441	\$ 66,328	\$ 3,113	4.69%	\$ 51,767	\$ 14,561	28.13%
Student financial aid	29,425	28,192	1,233	4.37%	28,509	(317)	-1.11%
Faculty and staff support	28,797	25,604	3,193	12.47%	21,734	3,870	17.81%
Research	21,476	20,161	1,315	6.52%	16,895	3,266	19.33%
Facilities	12,062	69,226	(57,164)	-82.58%	29,356	39,870	135.82%
Other	10,460	13,909	(3,449)	-24.80%	9,546	4,363	45.71%
<b>Total program services</b>	<u>171,661</u>	<u>223,420</u>	<u>(51,759)</u>	<u>-23.17%</u>	<u>157,807</u>	<u>65,613</u>	<u>41.58%</u>
Supporting services							
Communications and marketing	5,166	3,306	1,860	56.26%	4,080	(774)	-18.97%
Alumni relations	5,255	4,186	1,069	25.54%	4,881	(695)	-14.24%
Development	24,633	21,899	2,734	12.48%	23,458	(1,559)	-6.65%
Operations	23,471	10,700	12,771	119.36%	10,959	(259)	-2.36%
Talent management	2,386	3,425	(1,039)	-30.34%	2,024	1,401	69.22%
<b>Total supporting services</b>	<u>60,911</u>	<u>43,516</u>	<u>17,395</u>	<u>39.97%</u>	<u>45,402</u>	<u>(1,886)</u>	<u>-4.15%</u>
<b>Total operating expenses</b>	<u>\$ 232,572</u>	<u>\$ 266,936</u>	<u>\$ (34,364)</u>	<u>-12.87%</u>	<u>\$ 203,209</u>	<u>\$ 63,727</u>	<u>31.36%</u>

Operating expenses totaled \$232.6 million for fiscal year 2022, a decrease of \$34.4 million, or 12.9% as compared to fiscal year 2021. Operating expenses totaled \$266.9 million for fiscal year 2021, an increase of \$63.7 million, or 31.4% as compared to fiscal year 2020.

Program services are predominantly transfers to the University for the benefit of University programs. They consist of monthly transfers of nonendowed contributions as well as quarterly transfers of endowment spendable income. Program services expenses are reported in their functional classification, which is based on the donor intent or purpose of each underlying established fund. Changes between fiscal years are primarily related to the level of contributions to each functional classification and to a lesser extent the changes in the functional makeup of the endowment.

Program services expenses totaled \$171.7 million for fiscal year 2022, a decrease of \$51.8 million, or 23.2% as compared to fiscal year 2021. Facilities had the largest decrease over the prior year, \$57.2 million, due to large nonendowed facilities-related donor

contributions received in the prior year. General college support, faculty and staff support and research saw increases of \$3.1 million, \$3.2 million and \$1.3 million, respectively.

Supporting services expenses are part of the Foundation's operating budget which is approved annually by the Foundation's Board. They are reported in their functional classification, which is based on the Foundation's organizational structure.

Supporting services expenses totaled \$60.9 million for fiscal year 2022, an increase of \$17.4 million, or 40.0% over fiscal year 2021. The increase was primarily driven by the net expense associated with the pension plan's termination.

Supporting services expenses totaled \$43.5 million for fiscal year 2021, a decrease of \$1.9 million, or -4.2% over fiscal year 2020. The decrease was primarily due to decreased investments in development, communications and marketing, alumni relations and operations.





## Nonoperating Revenues and Changes in Nonexpendable

The following table summarizes the nonoperating revenues and changes in nonexpendable by source for the fiscal year ended June 30, 2022 and the two preceding fiscal years:

NONOPERATING REVENUES AND CHANGES IN NONEXPENDABLE (in thousands)							
			2022-2021		2021-2020		
	2022	2021	Increase (Decrease)	Percent Change	2020	Increase (Decrease)	
<b>Nonoperating revenues</b>	\$ 32	\$ 814	\$ (782)	-96.07%	\$ 737	\$ 77	10.45%
Changes in nonexpendable							
Endowment contributions	50,705	50,581	124	0.25%	55,308	(4,727)	-8.55%
Other changes in nonexpendable	3,004	1,307	1,697	129.84%	6,146	(4,839)	-78.73%
<b>Total changes in nonexpendable</b>	<u>\$ 53,709</u>	<u>\$ 51,888</u>	<u>\$ 1,821</u>	<u>3.51%</u>	<u>\$ 61,454</u>	<u>\$ (9,566)</u>	<u>-15.57%</u>

Nonoperating revenues totaled \$0.03 million for fiscal year 2022, a decrease of \$0.8 million, or 96.1% as compared to fiscal year 2021. Nonoperating revenues consisted of the change in value of restricted expendable split-interest agreements, revenue that was recognized due to the termination of various split-interest agreements during the fiscal year. Change in nonexpendable totaled \$53.7 million, an increase of \$1.8 million, or 3.5% as compared to the previous fiscal year. Endowment contributions totaled \$50.7 million, up \$0.1 million from the prior year. Other changes in nonexpendable totaled \$3.0 million, an increase of \$1.7 million over the prior year, primarily due to increases in other revenues.

Nonoperating revenues totaled \$0.8 million for fiscal year 2021, an increase of \$0.1 million, or 10.5% as

compared to fiscal year 2020. Nonoperating revenues consisted of the change in value of restricted expendable split-interest agreements, revenue that was recognized due to the termination of various split-interest agreements during the fiscal year. Change in nonexpendable totaled \$51.9 million, a decrease of \$9.6 million, or -15.6% as compared to the previous fiscal year. Endowment contributions totaled \$50.6 million, down \$4.7 million from the prior year. Other changes in nonexpendable totaled \$1.3 million, a decrease of \$4.8 million over the prior year, primarily due to the University of Florida Board of Trustees' decertification of the University of Florida Law Center Association, Inc. as a University of Florida direct support organization as of July 1, 2019.

## 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 and cash equivalents. 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 investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation.

The following table summarizes the major sources and uses of cash for the fiscal year ended June 30, 2022 and the two preceding fiscal years:

CONDENSED STATEMENTS OF CASH FLOWS (in thousands)							
	2022-2021				2021-2020		
	2022	2021	Increase (Decrease)	Percent Change	2020	Increase (Decrease)	Percent Change
<b>Cash flows provided by (used in)</b>							
Operating activities	\$ (113,592)	\$ (88,726)	\$ (24,866)	28.03%	\$ (78,438)	\$ (10,288)	13.12%
Investing activities	67,859	42,929	24,930	58.07%	43,859	(930)	-2.12%
Capital and related financing activities	(4,940)	(3,598)	(1,342)	37.30%	(1,906)	(1,692)	-88.77%
Noncapital financing activities	51,530	48,265	3,265	6.76%	54,357	(6,092)	-11.21%
<b>Change in cash and cash equivalents</b>	857	(1,130)	1,987	-175.84%	17,872	(19,002)	-106.32%
<b>Cash and cash equivalents, beginning of year</b>	19,177	20,307	(1,130)	-5.56%	2,435	17,872	733.96%
<b>Cash and cash equivalents, end of year</b>	\$ 20,034	\$ 19,177	\$ 857	4.47%	\$ 20,307	\$ (1,130)	-5.56%

Cash and cash equivalents increased by \$0.9 million, or 4.5% during fiscal year 2022. Net cash flows used in operating activities decreased by \$24.9 million, primarily due to a decrease in nonendowed cash contributions of \$25.0 million as compared to fiscal year 2021. Net cash flows provided by investing activities increased by \$24.9 million, primarily due to increased investment sales and maturities of \$16.2 million as compared to fiscal year 2021. Net cash flows provided by noncapital financing activities increased by \$3.3 million in the current year, primarily due to an increase in contributions restricted for long-term investment and other revenues restricted for long-term investment of \$2.3 million and \$1.1 million, respectively.

Cash and cash equivalents decreased by \$1.1 million, or -5.6% during fiscal year 2021. Net cash flows used in operating activities decreased by \$10.3 million, primarily due to an increase in nonendowed cash contributions of \$25.0 million as compared to fiscal year 2020. Net cash flows provided by investing activities decreased by \$0.9 million, primarily due to decreased investment purchases of \$2.7 million, offset by increased real estate sales of \$1.6 million as compared to fiscal year 2020. Net cash flows provided by noncapital financing activities decreased by \$6.1 million in the current year, primarily due to reductions in contributions restricted for long-term investment of \$5.5 million.

## Capital Assets and Debt Administration

Capital assets, comprised of land and buildings held for use, land preserve, equipment, furniture and vehicles, are included in noncurrent assets on the accompanying Statements of Net Position. These balances are net of accumulated depreciation.

The following table summarizes capital assets as of June 30, 2022 and the two preceding fiscal years:

**CAPITAL ASSETS** (in thousands)

	2022-2021				2021-2020		
	2022	2021	Increase (Decrease)	Percent Change	2020	Increase (Decrease)	Percent Change
Land held for use and land preserve	\$ 100,447	\$ 99,921	\$ 526	0.53%	\$ 59,000	\$ 40,921	69.36%
Buildings held for use, net	2,211	2,311	(100)	-4.33%	2,547	(236)	-9.27%
Equipment, furniture and vehicles	2,442	1,378	1,064	77.21%	1,134	244	21.52%
Software subscriptions	2,722	1,985	737	37.13%	-	1,985	N/A
Other capital assets	95	95	-	0.00%	95	-	0.00%
<b>Total capital assets, net</b>	<b>\$ 107,917</b>	<b>\$ 105,690</b>	<b>\$ 2,227</b>	<b>2.11%</b>	<b>\$ 62,776</b>	<b>\$ 42,914</b>	<b>68.36%</b>

During fiscal year 2022, significant changes in capital assets related primarily to depreciation expense of \$2.5 million, offset by net capital additions of \$4.7 million. During fiscal year 2021, significant changes in capital assets related primarily to net capital additions of \$44.4 million, offset by depreciation and amortization expense of \$1.5 million.

Detailed schedules of capital assets and related activity can be found in Note 10 of the accompanying notes to the financial statements.

The following table summarizes capital asset-related debt outstanding as of June 30, 2022 and the two preceding fiscal years:

**CAPITAL ASSET-RELATED DEBT** (in thousands)

	2022-2021				2021-2020		
	2022	2021	Increase (Decrease)	Percent Change	2020	Increase (Decrease)	Percent Change
Shands Teaching Hospital and Clinics, Inc. parking garage	\$ 200	\$ 300	\$ (100)	-33.33%	\$ 400	\$ (100)	-25.00%
College of the Arts warehouse	453	479	(26)	-5.43%	499	(20)	-4.01%
Software subscriptions	936	1,164	(228)	-19.59%	-	1,164	N/A
<b>Total capital related liabilities</b>	<b>\$ 1,589</b>	<b>\$ 1,943</b>	<b>\$ (354)</b>	<b>-18.22%</b>	<b>\$ 899</b>	<b>\$ 1,044</b>	<b>116.13%</b>

During fiscal year 2022, the Foundation decreased capital asset-related debt by approximately \$0.4 million, which was attributable to \$0.4 million in principal payments. During fiscal year 2021, the Foundation increased capital asset-related debt by approximately \$1 million, which was attributable to \$1.7 million of additions related to software subscription, offset by \$0.7 million in principal payments. Additional information on the Foundation's long-term debt obligations can be found in Note 11 of the accompanying notes to the financial statements.

for the upcoming fiscal year decreased by 5.6%. The decrease is largely due to expired University support. Management is not aware of any factors that would have a significant impact on budgeted revenues for the next fiscal year.

**Economic Outlook**

The economic outlook of the Foundation is affected by the overall economy, state and federal laws, investment returns, support received from the University, charitable contributions and various other revenue sources. Changes in state appropriations to the University may result in changes in the amount of support the Foundation receives from the University.

Budgeted revenues that fund supporting services are driven primarily from support from the University and fees assessed on charitable contributions and the endowment. As the Foundation and the University near the end of the Go Greater campaign, the projections and resulting budget for revenues

**Florida Single Audit**

In accordance with State of Florida Chapter 10.650, *Rules of the Auditor General*, the financial activity and internal controls surrounding the activities of the *University Major Gifts Program* and the *Specialty License Plate Program* were audited as of and for the fiscal year ended June 30, 2022. The auditor's report on these procedures is not included in this document, but can be found at [www.uff.ufl.edu](http://www.uff.ufl.edu). The report includes no findings, questioned costs or deficiencies in internal control over compliance.

**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 information should be addressed to the University of Florida Foundation, 1938 W. University Avenue, Gainesville, Florida 32603 or [finance-accounting@uff.ufl.edu](mailto:finance-accounting@uff.ufl.edu).

# LASTING IMPACT

**GIFTS FROM ALUMNI AND FRIENDS** CREATE LASTING IMPACT, AND THESE GIFTS ENABLE THE UNIVERSITY TO BETTER DISCOVER, EXPLORE, EDUCATE AND SERVE FAMILIES AND COMMUNITIES. ENDOWMENTS PROVIDE THIS ABILITY IN PERPETUITY.

## ENDOWMENTS

99.5% OF THE ENDOWMENT IS DESIGNATED BY DONORS FOR RESTRICTED PURPOSES



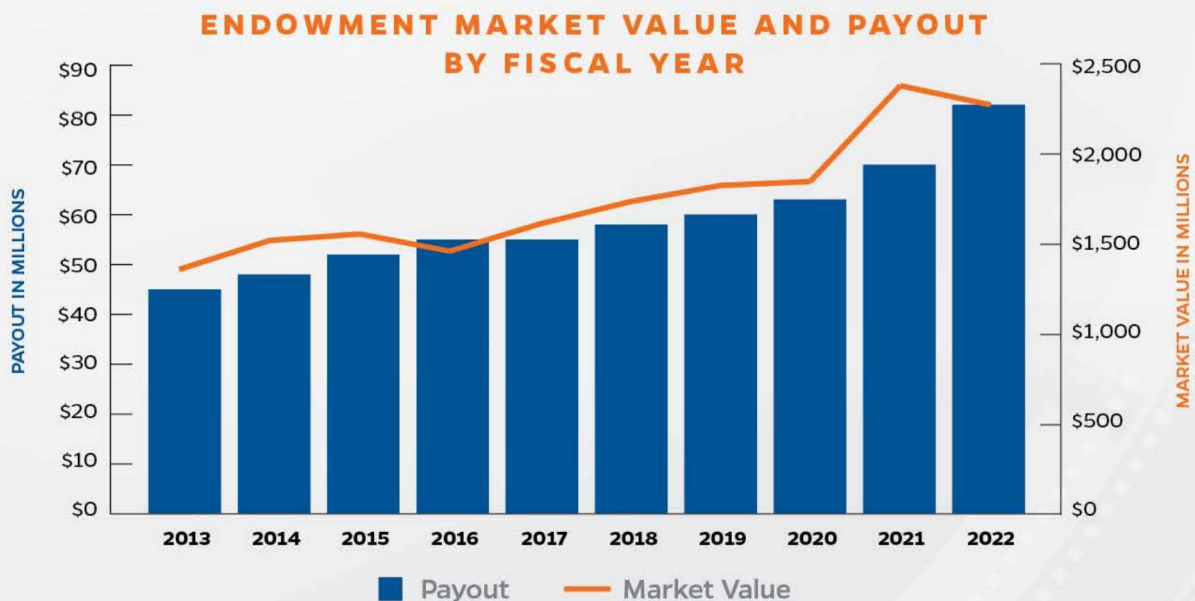
ENDOWMENT FUNDS



ENDOWMENT MARKET VALUE



ENDOWMENT PAYOUT



## ALL DONOR FUNDS

99.0% OF PROGRAM SERVICE EXPENSES WERE FROM FUNDS DESIGNATED BY DONORS FOR RESTRICTED PURPOSES

### NUMBER OF FUNDS <sup>(1)</sup>



### PROGRAM SERVICE EXPENSES

(in \$ millions)



### ENDOWMENT MARKET VALUE

(in \$ millions)



### ENDOWMENT PAYOUT

(in \$ millions)



■ General college support  
■ Student financial aid

■ Faculty and staff support  
■ Research

■ Facilities  
■ Other

(1) Includes both endowed and nonendowed donor funds.



# FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



## STATEMENTS OF NET POSITION

(as of June 30, 2022 and 2021)

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 20,034,427	\$ 19,177,006
Receivables and prepaid expenses	68,248,784	47,666,770
Investments	1,704,722	953,491
Notes receivable - current portion	49,674	-
Pledges receivable, net	28,573,493	17,200,347
<b>Total current assets</b>	<u>118,611,100</u>	<u>84,997,614</u>
<b>Noncurrent assets</b>		
Investments	2,331,351,660	2,449,612,180
Notes receivable	1,793,273	-
Pledges receivable, net	126,918,662	45,212,803
Real estate held for sale	5,436,486	5,126,313
Present value of amounts due from externally managed trusts	2,092,372	2,435,035
Nondepreciable capital assets	100,446,579	99,921,273
Depreciable capital assets, net	7,470,059	5,768,902
Cash surrender value of life insurance	12,396,414	11,430,377
Other noncurrent assets	24,763	62,291
Pension asset, net	-	14,468,185
<b>Total noncurrent assets</b>	<u>2,587,930,268</u>	<u>2,634,037,359</u>
<b>Total assets</b>	<u>\$ 2,706,541,368</u>	<u>\$ 2,719,034,973</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,130,127	\$ 342,491
Other current liabilities	798,253	1,280,601
Long-term liabilities - current portion:		
Notes payable	127,568	125,967
Software subscriptions	893,028	572,484
Split-interest agreements	3,824,466	3,960,265
<b>Total current liabilities</b>	<u>7,773,442</u>	<u>6,281,808</u>
<b>Noncurrent liabilities</b>		
Notes payable	525,462	653,029
Software subscriptions	42,918	591,089
Split-interest agreements	36,785,117	40,870,319
Other noncurrent liabilities	2,468,692	3,228,972
<b>Total noncurrent liabilities</b>	<u>39,822,189</u>	<u>45,343,409</u>
<b>Total liabilities</b>	<u>\$ 47,595,631</u>	<u>\$ 51,625,217</u>
<b>Deferred inflows of resources</b>		
Split-interest agreements	\$ 15,184,905	\$ 21,281,598
External trusts	2,092,372	2,435,035
Pension	-	4,710,834
<b>Total deferred inflows of resources</b>	<u>\$ 17,277,277</u>	<u>\$ 28,427,467</u>
<b>Net position</b>		
Net investment in capital assets	\$ 106,327,662	\$ 103,747,606
Restricted:		
Expendable	959,050,611	1,015,441,431
Nonexpendable	1,535,473,719	1,478,235,956
Unrestricted	40,816,468	41,557,296
<b>Total net position</b>	<u>\$ 2,641,668,460</u>	<u>\$ 2,638,982,289</u>

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



## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(for the fiscal years ended June 30, 2022 and 2021)

	<u>2022</u>	<u>2021</u>
<b>Operating revenues</b>		
Contributions, net	\$ 190,279,353	\$ 203,733,235
Support from the University of Florida	23,352,143	23,720,530
Investment return, net	(42,707,817)	570,921,106
Alumni program support	1,170,127	948,446
License plate revenues	2,421,068	2,492,988
Other revenues, gains and losses	7,002,136	4,969,315
<b>Total operating revenues</b>	<u>181,517,010</u>	<u>806,785,620</u>
<b>Operating expenses</b>		
<b>Program services</b>		
General college support	69,440,423	66,327,733
Student financial aid	29,425,363	28,191,593
Faculty and staff support	28,797,374	25,603,705
Research	21,476,300	20,161,430
Facilities	12,061,473	69,225,549
Other	10,459,994	13,909,645
<b>Total program services</b>	<u>171,660,927</u>	<u>223,419,655</u>
<b>Supporting services</b>		
Communications and marketing	5,165,507	3,306,065
Alumni relations	5,255,469	4,185,939
Development	24,632,711	21,900,116
Operations	23,471,121	10,699,100
Talent management	2,386,396	3,425,233
<b>Total supporting services</b>	<u>60,911,204</u>	<u>43,516,453</u>
<b>Total operating expenses</b>	<u>232,572,131</u>	<u>266,936,108</u>
<b>Operating income (loss)</b>	<u>(51,055,121)</u>	<u>539,849,512</u>
<b>Nonoperating revenues</b>		
Change in value of split-interest agreements	31,918	813,843
<b>Income (loss) before changes in nonexpendable</b>	<u>(51,023,203)</u>	<u>540,663,355</u>
<b>Changes in nonexpendable</b>		
Endowment contributions	50,705,292	50,581,164
Alumni endowment life memberships	409,315	430,515
Other revenues, gains and losses	1,192,252	64,557
Split-interest agreement terminations	1,402,515	812,989
<b>Total changes in nonexpendable</b>	<u>53,709,374</u>	<u>51,889,225</u>
<b>Change in net position</b>	2,686,171	592,552,580
<b>Net position - beginning of year</b>	<u>2,638,982,289</u>	<u>2,046,429,709</u>
<b>Net position - end of year</b>	<u>\$ 2,641,668,460</u>	<u>\$ 2,638,982,289</u>

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

## STATEMENTS OF CASH FLOWS

(for the fiscal years ended June 30, 2022 and 2021)

	2022	2021
<b>Cash flows from operating activities</b>		
Contributions	\$ 89,553,343	\$ 114,534,964
Support from the University of Florida	7,557,071	8,203,108
Alumni program support	1,170,127	948,446
License plate revenues	2,421,068	2,492,988
Other revenues, gains and losses	7,002,141	4,958,871
Program services payments	(188,887,924)	(192,261,992)
Supporting services payments	(32,407,275)	(27,602,273)
<b>Net cash used in operating activities</b>	<u>(113,591,449)</u>	<u>(88,725,888)</u>
<b>Cash flows from investing activities</b>		
Investment purchases	(6,067,267)	(8,598,710)
Investment sales and maturities	66,115,017	49,945,804
Interest and dividends, net of management fees	798,547	(2,083,943)
Income tax refund (expense)	177,005	35,391
Notes receivable originations	(1,869,403)	-
Notes receivable collections	26,456	-
Real estate sales	8,678,759	3,630,392
<b>Net cash provided by investing activities</b>	<u>67,859,114</u>	<u>42,928,934</u>
<b>Cash flows from capital and related financing activities</b>		
Real estate purchases	(436,237)	-
Capital asset purchases	(4,068,830)	(3,449,209)
Capital debt principal payments	(353,594)	(119,592)
Capital debt interest payments	(81,386)	(29,407)
<b>Net cash used in capital and related financing activities</b>	<u>(4,940,047)</u>	<u>(3,598,208)</u>
<b>Cash flows from noncapital financing activities</b>		
Contributions restricted for long-term investment	54,549,972	52,267,693
Alumni program support restricted for long-term investment	409,315	430,515
Other revenues restricted for long-term investment	1,192,252	65,068
Beneficiary and other split-interest payments	(4,621,736)	(4,498,048)
<b>Net cash flows provided by noncapital financing activities</b>	<u>51,529,803</u>	<u>48,265,228</u>
<b>Change in cash and cash equivalents</b>	857,421	(1,129,934)
<b>Cash and cash equivalents - beginning of year</b>	<u>19,177,006</u>	<u>20,306,940</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 20,034,427</u>	<u>\$ 19,177,006</u>

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

## STATEMENTS OF CASH FLOWS

(for the fiscal years ended June 30, 2022 and 2021)

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of the change in operating income to net cash used in operating activities</b>		
Operating income (loss)	\$ (51,055,121)	\$ 539,849,512
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,483,605	1,456,299
Provision for doubtful accounts and pledges	13,291,385	2,277,025
Investment return, net	42,707,817	(570,921,106)
Noncash contributions	(3,345,971)	(42,038,306)
Income tax (refund) expense	(177,008)	(35,391)
Interest expense	85,627	39,852
Change in assets, liabilities and deferred inflows of resources:		
Receivables, prepaid expenses and other assets	(22,386,423)	(12,483,523)
Notes receivable	1,842,947	-
Pledges receivable	(106,370,390)	(4,118,979)
Cash surrender value of life insurance	(966,036)	(890,554)
Accounts payable, accrued expenses and other liabilities	540,768	770,591
Pension asset, net	14,468,185	(6,907,511)
Pension deferred inflows	(4,710,834)	4,276,203
<b>Net cash used in operating activities</b>	<u>\$ (113,591,449)</u>	<u>\$ (88,725,888)</u>
<b>Supplemental disclosures of noncash investing, capital, noncapital and related financing activities</b>		
Unrealized gains (losses) on investments	\$ (72,921,120)	\$ 563,227,753
Donations of real estate held for resale	2,921,001	1,116,906
Donations of real estate held for use	205,000	40,921,400
Donations of non-liquid investments	219,970	-

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

## STATEMENTS OF FIDUCIARY NET POSITION

(as of June 30, 2022 and 2021)

	PENSION TRUST FUND		CUSTODIAL FUNDS	
	2022	2021	2022	2021
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 4,703,905	\$ 4,071,578
Accrued interest and other receivables	-	6,850,001	475,000	-
Investments at fair value:				
Short-term investments	-	343,576	6,453	7,592
Bonds	-	-	5,634	7,993
Mutual funds	-	38,462,420	286,839	332,027
Private equity investments	-	-	3,338,846	3,506,094
<b>Total investments</b>	-	38,805,996	3,637,772	3,853,706
Pledges receivable, net	-	-	37,588,970	29,214,794
Real estate held for sale	-	-	50,400	63,000
Cash surrender value of life insurance	-	-	218,189	231,193
<b>Total assets</b>	\$ -	\$ 45,655,997	\$ 46,674,236	\$ 37,434,271
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ -	\$ -	\$ 7,383	\$ 16,924
Pending trades of investments	-	6,700,000	-	-
Annuity liabilities	-	-	227,035	223,070
<b>Total liabilities</b>	\$ -	\$ 6,700,000	\$ 234,418	\$ 239,994
<b>Deferred inflows of resources</b>				
Annuities	\$ -	\$ -	\$ 41,901	\$ 124,542
<b>Net position</b>				
Restricted for:				
Pension	\$ -	\$ 38,955,997	\$ -	\$ -
University of Florida related entities	-	-	46,397,917	37,069,735
<b>Total net position</b>	\$ -	\$ 38,955,997	\$ 46,397,917	\$ 37,069,735

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

(for the fiscal years ended June 30, 2022 and 2021)

	PENSION TRUST FUND		CUSTODIAL FUNDS	
	2022	2021	2022	2021
<b>Additions</b>				
Contributions:				
Employers	\$ -	\$ 1,750,000	\$ -	\$ -
Donors, net	-	-	37,122,634	9,084,972
<b>Total contributions</b>	-	1,750,000	37,122,634	9,084,972
Investment earnings (loss):				
Net increase (decrease) in fair value of investments	849,289	7,078,513	(204,723)	806,093
Interest and dividends	76,841	775,784	-	-
<b>Total investment earnings (loss)</b>	926,130	7,854,297	(204,723)	806,093
Less investment costs	21,994	33,493	108	-
<b>Net investment earnings (loss)</b>	904,136	7,820,804	(204,831)	806,093
Other	-	-	269,935	40,860
<b>Total additions</b>	904,136	9,570,804	37,187,738	9,931,925
<b>Deductions</b>				
Benefits paid to participants or beneficiaries	39,860,133	1,193,721	-	-
Administrative expense	-	14,276	1,167,052	334,697
Payments/transfers to University of Florida related entities	-	-	26,692,504	8,674,152
<b>Total deductions</b>	39,860,133	1,207,997	27,859,556	9,008,849
<b>Net increase (decrease) in fiduciary net position</b>	(38,955,997)	8,362,807	9,328,182	923,076
<b>Net position, beginning of year</b>	38,955,997	30,593,190	37,069,735	36,146,659
<b>Net position, end of year</b>	\$ -	\$ 38,955,997	\$ 46,397,917	\$ 37,069,735

The accompanying notes are an integral part of these financial statements



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



## UF WORKS EVERY DAY TO CHANGE TOMORROW. PRIVATE SUPPORT FROM OUR GENEROUS ALUMNI AND FRIENDS POWERS BREAKTHROUGHS AND CREATES IMPACT.

### Note 1. Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of the University of Florida Foundation, Inc. (the Foundation), which affect the significant elements of the accompanying basic financial statements.

**Reporting entity:** The Foundation is a nonprofit entity established to solicit and manage funds for the benefit of the University of Florida (the University), a state university, as provided for in Section 1004.28 of the Florida Statutes and Board of Regents Rule 6C-9.011. The Foundation functions as a direct support organization of the University and is reported as a discrete component unit of the University in its financial statements. The financial statements of the Foundation include the accounts of its blended component unit, the University of Florida Alumni Association, Inc., but exclude fiduciary activities, which are reported in separate statements. 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 the Florida Statutes, except for income from activities not related to its principal function.

**Basis of accounting:** The financial statements of the Foundation, as well as fiduciary funds, have been prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of timing of cash flows.

Financial statements for fiduciary activities are presented separately after the Statements of Cash Flows. Fiduciary activities of the Foundation include the employee defined benefit pension plan, which was terminated during fiscal year 2022, and funds held on behalf of other University related entities. Fiduciary funds are not reflected in the Foundation's financial statements because the resources of those funds are held for the benefit of parties outside the Foundation and are not available to support the Foundation's programs.

**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.
  - **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 student scholarships, faculty and staff support, research funding, funding for facilities and general college support.
    - **Nonexpendable:** 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 student scholarships, faculty and staff support, research funding, funding for facilities and general college support. The corpus of the permanent endowments is retained and reported in nonexpendable, while the net earnings or losses on endowment funds are included in the expendable funds.
- **Unrestricted:** Represents funds that are available without restriction for carrying out the Foundation's mission.

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 investment earnings on the endowment, alumni program support and license plate revenues. Nonoperating revenues and changes in nonexpendable include certain revenue sources that provide additional funding not included in operating revenues, including endowment contributions.

**Revenue recognition:** Revenues are reported as increases in unrestricted net position unless use of the related assets is limited by donor-imposed restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted expendable or restricted nonexpendable support that increases these net position classes. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or by law.

In the normal course of business, the Foundation accepts financial assets from donors on behalf of specified beneficiaries to which it is financially interrelated and recognizes the fair value of assets received as contributions. Contributions, including unconditional promises to give, are recognized as revenues in the period received and are recorded at their estimated fair value on the date of contribution. Contributions of cash, investment securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are reported as increases in net position, with the exception of pledges to the endowment, which are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Fundraising:** Costs associated with fundraising activities are included in supporting services as development expense 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.

**Use of estimates:** Management uses estimates and assumptions in preparing financial statements in conformity with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses. Significant estimates used in preparing these financial statements include those used in calculating the pledges receivable and related allowance for doubtful amounts, the annuity and trust liabilities under split-interest agreements, the pension benefits obligation, and in determining the impairment of long-lived assets and the fair value of certain investments. Actual results could differ from these estimates.

**Cash and cash equivalents:** Cash and cash equivalents include cash on hand, cash in banks and money market funds available for immediate use. The Foundation considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Receivables:** Receivables primarily consist of amounts due from the University (see Note 14).



**Investments and fair value measurements:** The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market and income approaches. Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

**Pledges receivable:** In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, all nonendowed pledges that have met all the eligibility requirements that are verifiable, probable and measurable are recorded at their estimated realizable value on a discounted basis. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the month in which the promises are received. Amortization of the discounts is included in contributions revenue. The Foundation uses the allowable method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts.

**Real estate held for sale:** The Foundation receives contributions in the form of real estate with donor intentions that the properties are to be sold and proceeds from the sale are to benefit the Foundation or the University. Real estate held for sale is held at fair value less estimated costs to sell.

**Capital assets:** All real property (buildings and land) is capitalized. Property and equipment purchased with an original cost of \$5,000 or more are recorded at cost. Contributed property and equipment having a value of \$5,000 or more are recorded at their acquisition cost on the date of donation. If donors stipulate how

long the assets must be used, the contributions are recorded as restricted support for the term of the restricted period. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Capital assets are depreciated using the straight-line method of accounting over the estimated useful lives of the assets. The estimated useful life for vehicles and equipment is three years and ranges from five years to thirty years for buildings and improvements. Land is not depreciated. If equipment is donated to the Foundation for the benefit of the University, the Foundation transfers title to the specified University recipient and no amounts are capitalized in the Foundation's financial statements. Expenditures for renewals and betterments that extend the useful lives of property are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**Impairment of long-lived 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, 2022 and 2021.

**Permanent collections:** The Foundation owns most of the collection of the Samuel P. Harn Museum of Art (Harn). These collection items are under the control of the Harn, and these items are cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections, which were acquired through contributions and purchases since inception, are not recognized as assets on the Statements of Net Position. The Foundation does not capitalize its permanent collections due to accreditation requirements imposed by the American Alliance of Museums. Contributed collection items are recorded as in-kind contributions and offsetting decreases (program expense) in the appropriate net position class. Purchases of collection items are recorded as decreases (program expense) in the appropriate net position class in the year in which the items are acquired. Proceeds from sales or insurance recoveries are reflected as increases (other revenues) in the appropriate net position class.

**Subscription-based information technology arrangements (SBITA):** The Foundation capitalizes costs associated with the payment of software subscription agreements (SBITA) greater than one year. The asset is measured as the sum of: (1) the initial subscription liability amount; (2) payments made to the SBITA vendor before the commencement of the subscription term; and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the Foundation, which may be implicit, or the Foundation’s incremental borrowing rate if the interest rate is not readily determinable.

**Split-interest agreements:** The Foundation accepts gifts subject to split-interest agreements. These gifts may be in the form of annuities, life estates or charitable remainder trusts. At the time of receipt, a deferred inflow is recorded based upon the fair value of assets donated and a liability based on the present value of projected future distributions to the beneficiaries. All activity related to the split-interest agreements is recorded as a deferred inflow. No revenue is recognized until termination of the split-interest agreement, when the remaining deferred inflow will be recognized. Liabilities include the present value of projected future distributions to the annuity

or trust beneficiaries and are determined using mortality tables and the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift ranging from 0.60% to 8.00%. Funds subject to split-interest agreements are classified as restricted expendable or restricted nonexpendable based upon donor designations.

Current Florida law requires charities to maintain certain minimum gift annuity reserves. As of June 30, 2022 and 2021, the Foundation held assets in excess of the minimum required by state law.

**Fiduciary funds:** The Foundation has two fiduciary funds. They are:

- **Pension Trust Funds** – accounts for the activities of the Foundation employee defined benefit pension plan.
- **Custodial Funds** – accounts for the activities of Gator Boosters, Inc., the University of Florida Health Proton Therapy Institute and Shands Teaching Hospital and Clinics, Inc. These University of Florida related entities have entered into agreements with the Foundation for administrative services.

**Functional allocation of expenses:** The costs of providing various programs and support services have been summarized on the functional basis in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Accordingly, certain costs have been allocated to the programs and supporting services receiving benefit from the expenditures.



**Fundraisers' salaries and expenses paid by various colleges of the University:**

A portion of certain fundraisers' salaries and expenses is paid either directly to the fundraisers by the colleges which they represent or it is reimbursed to the Foundation by the colleges. These amounts which totaled \$14,091,634 and \$13,103,704 for the fiscal years ended June 30, 2022 and 2021, respectively, are included in unrestricted operating revenues as support from the University and in supporting services as development expenses. At June 30, 2022 and 2021, \$585,944 and \$1,128,725 of these amounts are included in other current liabilities, respectively.

**Compensated absences, other post-employment benefits and pension liability:**

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Board of Governors and University Regulations. Leave earned is accrued to the credit of the employee and records are kept once each employee's unpaid (unused) leave balance. All Foundation employees are considered University employees. The University accrues up to 200 hours of vacation leave per employee, which reflects the maximum payout allowable upon termination of employment. Additionally, employees are entitled to use up to 160 hours beyond the 200 hour payout upon termination, which is accrued by the Foundation and included in the accompanying Statements of Net Position.

Employees also accrue retirement benefits for pension and other post-employment benefits over the time of employment at the University. Since all the employees who work for the Foundation are considered employees of the University, the liabilities for pensions and other post-employment benefits are reported by the University and therefore, are not reflected on the Foundation's financial statements.

The Foundation terminated its legacy defined benefit plan for former Foundation employees effective January 2022. There are no active participants in the plan. For details of the plan, see Note 12 of the accompanying notes to the financial statements.

**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's primary source of unrelated business income is from certain

investments in private equity partnerships. For the fiscal years ended June 30, 2022 and 2021, the Foundation had current income tax (benefit) expense of \$(177,005) and \$(35,391), respectively, which are included as an adjustment to investment return in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The Foundation files income tax returns in the U.S. federal jurisdiction and in various state and local jurisdictions. Tax periods open to examination by major taxing jurisdictions to which the Foundation is subject include fiscal years ended June 30, 2019 through June 30, 2022.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with U.S. GAAP 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 of the Foundation.

**Recent accounting pronouncement:** In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for the periods beginning after June 15, 2021.

Management has adopted GASB Statement No. 87 for the fiscal year ended June 30, 2022, and has determined the impact of this statement to be immaterial, both individually and in the aggregate, to the Foundation's financial statements taken as a whole. Management will monitor the impact of any leases entered into in prospective fiscal years and will update this determination as appropriate.

## Note 2. Reporting Changes

There were no new accounting pronouncements or reporting changes that materially impacted the Foundation's financial statements for the fiscal year ended June 30, 2022.

### Note 3. Cash and Cash Equivalents

The amounts reported by the Foundation as cash and cash equivalents consists of cash on hand, cash in bank demand accounts, cash held at the University and money market funds. Cash and cash equivalents at June 30, 2022 and 2021 are as follows:

NOTE 3. CASH AND CASH EQUIVALENTS		
	2022	2021
Cash in bank demand accounts	\$ 18,582,505	\$ 17,049,183
Money market funds	728,465	1,064,305
Cash held at the University of Florida	721,645	1,061,706
Cash on hand	1,812	1,812
<b>Total cash and cash equivalents</b>	<b>\$ 20,034,427</b>	<b>\$ 19,177,006</b>
<b>Cash in bank demand accounts for fiduciary custodial funds</b>	<b>\$ 4,703,905</b>	<b>\$ 4,071,578</b>

Cash in bank demand accounts are held in banks qualified as public depositories under Florida law. All such deposits are insured by federal depository insurance, up to specific limits, or collateralized with securities held in Florida's multiple financial institutional collateral pool required by Florida Statutes, Chapter 280. Money market funds are uninsured and collateralized by securities held by the institution.

At June 30, 2022 and 2021, \$728,465 and \$1,064,305, respectively, in cash deposits are not insured by federal depository insurance and are not collateralized.

**Custodial credit risk:** 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. The Foundation has no formal policy for custodial credit risk, but manages liquidity to minimize exposure of uninsured balances.

### Note 4. State Match Receivable

In accordance with Florida Statute Chapter 1011.94, *University Major Gifts Program*, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to support libraries and instruction and research programs, were eligible for state match. As of June 30, 2022 and 2021, the Foundation has approved state matching requests that have not yet been received or recognized in the financial

statements totaling \$130,905,263 for both fiscal years. The State of Florida suspended funding for this program, effective July 1, 2011, and has not appropriated any funds since this date; therefore, no receivable has been recorded in the accompanying financial statements.

### Note 5. Pledges Receivable

Pledges receivable and the unrelated allowance for potentially uncollectible amounts at June 30, 2022 and 2021, are summarized as follows:

NOTE 5. PLEDGES RECEIVABLE		
	2022	2021
Due in less than one year	\$ 31,503,300	\$ 18,963,999
Due in one to five years	75,171,525	45,434,964
Due after five years	87,901,667	9,482,601
	194,576,492	73,881,564
Less:		
Allowance for doubtful amounts	(18,095,614)	(6,870,985)
Unamortized discounts	(20,988,723)	(4,597,429)
<b>Total pledges receivable, net</b>	<b>\$155,492,155</b>	<b>\$ 62,413,150</b>
Current pledges receivable, net	\$ 28,573,493	\$ 17,200,347
Noncurrent pledges receivable, net	126,918,662	45,212,803
<b>Total pledges receivable, net</b>	<b>\$155,492,155</b>	<b>\$ 62,413,150</b>
<b>Pledges held in fiduciary custodial funds:</b>		
Due in less than one year	\$ 8,076,574	\$ 6,730,894
Due in one to five years	32,761,586	22,152,608
Due after five years	4,504,839	5,483,435
	45,342,999	34,366,937
Less:		
Allowance for doubtful amounts	(4,216,899)	(2,221,125)
Unamortized discounts	(3,537,130)	(2,931,018)
<b>Total pledges receivable, net</b>	<b>\$ 37,588,970</b>	<b>\$ 29,214,794</b>
Current pledges receivable, net	\$ 7,325,453	\$ 6,104,920
Noncurrent pledges receivable, net	30,263,517	23,109,874
<b>Total pledges receivable, net</b>	<b>\$ 37,588,970</b>	<b>\$ 29,214,794</b>

Noncurrent pledges receivable are net of discounts amounting to \$20,988,723 and \$4,597,429 at June 30, 2022 and 2021, respectively. For fiduciary custodial funds, noncurrent pledges receivable are net of discounts amounting to \$3,537,130 and \$2,931,018 at June 30, 2022 and 2021, respectively. All pledges receivable are discounted using a risk adjusted discount rate for the month the pledge was initially recognized. The risk adjusted discount rate consists of the 5-year Treasury yield plus a 1.00% risk premium. Discount rates used ranged from 1.20% to 4.01%.

## Note 6. Investment Management Agreement

The University of Florida Board of Trustees created the University of Florida Investment Corporation (UFICO), a direct support organization, to manage University investments. UFICO is governed by a volunteer board of directors independent from the Foundation. The Foundation has a management agreement with UFICO to manage a significant portion of its investments. Management fees are payable at the beginning of each quarter and are computed based on amounts budgeted by UFICO and the market value of the assets as reported by the custodians at the previous quarter-end. The asset valuations used in the fee calculations include all funds and assets under management, including cash and accrued income. Annualized fees charged were 0.14% and 0.15% for the years ended June 30, 2022 and 2021, respectively. Management fees expenses during the fiscal years ended June 30, 2022 and 2021, under this agreement totaled \$3,512,944 and \$3,362,846, respectively, which are included in investment return in

the accompanying Statements of Revenues, Expenses and Changes in Net Position.

## Note 7. Investments

**Investments:** The goals of the Foundation's investment program for endowments and other investments are set forth in the investment policy as approved by the Foundation's Board. The goals are specific to individual investment pools but in general it is to provide a total return from the assets invested that will preserve the purchasing power of those assets and, additionally for endowment invested assets, to also generate an income stream to support the activities of the colleges and units of the University. The investment policy provides guidelines as to risk and investment time horizon but does not address specific types of risks such as custodial risk, credit risk, interest rate risk and foreign currency risk that the Foundation may be exposed to as outlined below.

Investments at June 30, 2022 and 2021, are summarized as follows:

NOTE 7. INVESTMENTS							
	Endowments	Split-interest Agreements	Other	Total	Fiduciary Funds		
					Pension Trust Funds	Custodial Funds	Total
<b>JUNE 30, 2022</b>							
Government issues - domestic	\$ -	\$ 319,184	\$ -	\$ 319,184	\$ -	\$ 6,453	\$ 6,453
Government issues - foreign	-	-	20,000	20,000	-	-	-
Equities	-	-	1,203,297	1,203,297	-	-	-
Short-term investments	42,791	1,614,889	47,042	1,704,722	-	5,634	5,634
Mutual funds - equities	-	35,593,300	-	35,593,300	-	170,567	170,567
Mutual funds - fixed income	-	16,713,937	-	16,713,937	-	116,272	116,272
Private equity investments	2,292,015	-	-	2,292,015	-	-	-
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	2,275,209,927	-	-	2,275,209,927	-	3,338,846	3,338,846
<b>Total investments</b>	<b>\$ 2,277,544,733</b>	<b>\$ 54,241,310</b>	<b>\$ 1,270,339</b>	<b>\$ 2,333,056,382</b>	<b>\$ -</b>	<b>\$ 3,637,772</b>	<b>\$ 3,637,772</b>
<b>JUNE 30, 2021</b>							
Government issues - domestic	\$ -	\$ 380,072	\$ -	\$ 380,072	\$ -	\$ 7,993	\$ 7,993
Equities	-	-	1,141,934	1,141,934	-	-	-
Short-term investments	52,779	1,455,193	35,285	1,543,257	343,576	7,592	351,168
Mutual funds - equities	-	44,273,614	-	44,273,614	16,709,703	198,053	16,907,756
Mutual funds - fixed income	-	19,941,701	-	19,941,701	21,752,717	133,974	21,886,691
Private equity investments	2,292,015	-	-	2,292,015	-	-	-
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	2,380,993,078	-	-	2,380,993,078	-	3,506,094	3,506,094
<b>Total investments</b>	<b>\$ 2,383,337,872</b>	<b>\$ 66,050,580</b>	<b>\$ 1,177,219</b>	<b>\$ 2,450,565,671</b>	<b>\$ 38,805,996</b>	<b>\$ 3,853,706</b>	<b>\$ 42,659,702</b>

(1) Consists of investments in two limited partnerships managed by UFICO. See Limited Partnerships section.

**NOTE 7. INVESTMENTS: CREDIT RISK**

	Quality Rating		2022 Fair Value		2021 Fair Value
Government issues – foreign	AA-	\$	20,000	\$	-
Mutual funds – fixed income	AAA		5,305,257		6,261,036
Mutual funds – fixed income	AA		4,391,306		136,253
Mutual funds – fixed income	A		5,857,431		8,695,904
Mutual funds – fixed income	BBB		-		3,435,748
Mutual funds – fixed income	BB		1,159,943		1,412,760
Money market funds	AAA		1,704,722		1,543,257
<b>Total</b>		\$	<u>18,438,659</u>	\$	<u>21,484,958</u>
<b>Fiduciary pension trust funds</b>					
Mutual funds – fixed income	AAA	\$	-	\$	7,256,645
Mutual funds – fixed income	AA		-		493,006
Mutual funds – fixed income	A		-		2,520,538
Mutual funds – fixed income	BBB		-		7,846,788
Mutual funds – fixed income	less than BBB		-		3,591,078
Mutual funds – fixed income	Unrated		-		44,662
Money market funds	AAA		-		343,576
<b>Total</b>			<u>-</u>		<u>22,096,293</u>
<b>Fiduciary custodial funds</b>					
Mutual funds – fixed income	AAA	\$	23,231	\$	26,206
Mutual funds – fixed income	AA		40,761		-
Mutual funds – fixed income	A		44,980		75,981
Mutual funds – fixed income	BBB		-		23,161
Mutual funds – fixed income	BB		7,300		8,626
Money market funds	AAA		5,635		7,592
<b>Total</b>		\$	<u>121,907</u>	\$	<u>141,566</u>

**Custodial credit risk:** Custodial credit risk is the risk that, in 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. Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Foundation’s name, and are held by someone other than the Foundation. The Foundation has no formal policy on custodial credit risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. The investment management agreement with UFICO requires that all securities be held by the Foundation’s agent in the Foundation’s name.

**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 has no formal policy on concentration of credit risk, but UFICO’s Statement of Investment Policy addresses risk management of the investments.

**Credit risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill

its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The Foundation has no formal policy on credit risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. The private equity funds are unrated. The above schedule represents the ratings of the Foundation’s debt investments as of June 30, 2022 and 2021, using nationally recognized statistical ratings quality organizations.

**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. The Foundation has no formal policy on interest rate risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. Interest rate risk for the Foundation’s debt investments as of June 30, 2022 and 2021, is presented on the following page.

**Foreign currency risk:** Foreign currency risk is the risk that changes in exchange rates between the U.S.



**NOTE 7. INVESTMENTS: INTEREST RATE RISK**

	<b>Average Duration</b>	<b>2022 Fair Value</b>	<b>2021 Fair Value</b>
Government issues – domestic	Less than one year	\$ 38,566	\$ 39,141
Government issues – domestic	One to five years	280,618	308,072
Government issues – domestic	Six to ten years	-	32,859
Government issues – foreign	One to five years	20,000	-
Mutual funds – fixed income	One to five years	3,952,650	4,848,508
Mutual funds – fixed income	Six to ten years	12,761,287	15,093,193
<b>Total</b>		<b>\$ 17,053,121</b>	<b>\$ 20,321,773</b>
<b>Fiduciary pension trust funds</b>			
Mutual funds – fixed income	Less than one year	\$ -	\$ 38,644
Mutual funds – fixed income	One to five years	-	3,425,925
Mutual funds – fixed income	Six to ten years	-	2,947,896
Mutual funds – fixed income	Greater than ten years	-	15,340,252
<b>Total</b>		<b>\$ -</b>	<b>\$ 21,752,717</b>
<b>Fiduciary custodial funds</b>			
Government issues – domestic	Less than one year	\$ 1,102	\$ 1,113
Government issues – domestic	One to five years	5,351	6,880
Mutual funds – fixed income	One to five years	27,127	31,787
Mutual funds – fixed income	Six to ten years	89,145	102,187
<b>Total</b>		<b>\$ 122,725</b>	<b>\$ 141,967</b>

dollar and foreign currencies could adversely affect an investment's fair value. As of June 30, 2022 and 2021, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2022 and 2021, 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. The Foundation has no formal policy on foreign currency risk but UFICO's Statement of Investment Policy addresses risk management of the investments.

**Fair value:** 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 categorizes the inputs into three 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 Net Position. There have been no changes to these techniques and inputs during the fiscal years ended June 30, 2022 and 2021.

*Corporate stocks and mutual funds (equities and fixed income):* The fair value of these equity and fixed income investments is classified as Level 1, based on quoted market prices in active markets on which individual securities are traded, for which mutual funds represent the net asset value of shares held by the Foundation at fiscal year end.

*Short-term investments:* The fair value of these short-term investments is classified as Level 2, valued at the net asset value of shares held by the Foundation at fiscal year end, based on observable inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Corporate bonds and government issues (domestic and foreign):* The fair value of these fixed income investments is

classified as Level 2, based upon quotes from independent pricing vendors, based upon independent pricing models or other model-based valuation techniques such as the present value of the stream of expected cash flows adjusted for the security’s credit rating and other factors such as credit loss assumptions.

*Private equity investments:* The fair value of private equity investments held directly by the Foundation are measured at Level 3 using net asset value (NAV)

as a practical expedient to fair value. The private equity investments held in the UFICO limited partnerships are measured at net asset value and are not included in the fair value hierarchy.

The following table presents the assets measured at fair value on a recurring basis on the Statements of Net Position for the fiscal years ended June 30, 2022 and 2021, by the GASB Statement No. 72 hierarchy (as described previously).

<b>NOTE 7. INVESTMENTS: FAIR VALUE</b>					
<b>JUNE 30, 2022</b>					
<b>Investments by Fair Value Level</b>	<b>Total</b>	<b>Fair Value Measurements Using</b>			
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>Cash equivalents classified as short-term (current) investments:</b>					
Money market funds	\$ 1,704,722	\$ -	\$ 1,704,722	\$ -	
<b>Bonds and notes:</b>					
Government issues - domestic	319,184	-	319,184	-	
Government issues - foreign	20,000	-	20,000	-	
<b>Equities</b>	<b>1,203,297</b>	<b>1,203,297</b>	<b>-</b>	<b>-</b>	
<b>Mutual funds:</b>					
Equities	35,593,300	35,593,300	-	-	
Fixed income	16,713,937	16,713,937	-	-	
<b>Private equity</b>	<b>2,292,015</b>	<b>-</b>	<b>-</b>	<b>2,292,015</b>	
<b>Total investments by fair value level</b>	<b>57,846,455</b>	<b>\$ 53,510,534</b>	<b>\$ 2,043,906</b>	<b>\$ 2,292,015</b>	
<b>Investments measured at the net asset value (NAV):</b>					
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	2,275,209,927				
<b>Total investments</b>	<b>\$ 2,333,056,382</b>				
<b>Fiduciary custodial funds:</b>					
<b>Cash equivalents classified as short-term (current) investments:</b>					
Money market funds	\$ 5,635	\$ -	\$ 5,635	\$ -	
<b>Bonds and notes:</b>					
Government issues - domestic	6,453	-	6,453	-	
<b>Mutual funds:</b>					
Equities	170,566	-	170,566	-	
Fixed income	116,272	-	116,272	-	
<b>Total investments by fair value level</b>	<b>298,926</b>	<b>\$ -</b>	<b>\$ 298,926</b>	<b>\$ -</b>	
<b>Investments measured at the net asset value (NAV):</b>					
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	3,338,846				
<b>Total investments, fiduciary custodial funds</b>	<b>\$ 3,637,772</b>				

(1) Consists of investments in two limited partnerships managed by UFICO. See Limited Partnerships section.



## NOTE 7. INVESTMENTS: FAIR VALUE

JUNE 30, 2021

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash equivalents classified as short-term (current) investments:</b>				
Money market funds	\$ 1,543,257	\$ -	\$ 1,543,257	\$ -
<b>Bonds and notes:</b>				
Government issues - domestic	380,072	-	380,072	-
<b>Equities</b>	1,141,934	1,141,934	-	-
<b>Mutual funds:</b>				
Equities	44,273,614	44,273,614	-	-
Fixed income	19,941,701	19,941,701	-	-
<b>Private equity</b>	2,292,015	-	-	2,292,015
<b>Total investments by fair value level</b>	<u>69,572,593</u>	<u>\$ 65,357,249</u>	<u>\$ 1,923,329</u>	<u>\$ 2,292,015</u>
<b>Investments measured at the net asset value (NAV):</b>				
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	2,380,993,078			
<b>Total investments</b>	<u>\$ 2,450,565,671</u>			
<b>Fiduciary pension trust funds:</b>				
<b>Cash equivalents classified as short-term (current) investments:</b>				
Money market funds	\$ 343,576	\$ -	\$ 343,576	\$ -
<b>Mutual funds:</b>				
Equities	16,709,703	16,709,703	-	-
Fixed income	21,752,717	21,752,717	-	-
<b>Total investments, fiduciary pension trust funds</b>	<u>\$ 38,805,996</u>	<u>\$ 38,462,420</u>	<u>\$ 343,576</u>	<u>\$ -</u>
<b>Fiduciary custodial funds:</b>				
<b>Cash equivalents classified as short-term (current) investments:</b>				
Money market funds	\$ 7,592	\$ -	\$ 7,592	\$ -
<b>Bonds and notes:</b>				
Government issues - domestic	7,993	-	7,993	-
<b>Mutual funds:</b>				
Equities	198,053	198,053	-	-
Fixed income	133,974	133,974	-	-
<b>Total investments by fair value level</b>	<u>347,612</u>	<u>\$ 332,027</u>	<u>\$ 15,585</u>	<u>\$ -</u>
<b>Investments measured at the net asset value (NAV):</b>				
Private equity investments - UFICO limited partnerships <sup>(1)</sup>	3,506,094			
<b>Total investments, fiduciary custodial funds</b>	<u>\$ 3,853,706</u>			

(1) Consists of investments in two limited partnerships managed by UFICO. See Limited Partnerships section.

**Net asset value:** GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their NAV per share.

**NOTE 7. INVESTMENTS: NET ASSET VALUE**

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>JUNE 30, 2022</b>				
Limited partnerships (UFICO):				
Florida Long-term Pool Fund, LP	\$ 2,278,548,773	\$ 382,007,033	Monthly	30 days
Investments measured at NAV that are not held in fiduciary custodial funds	\$ 2,275,209,927			
Investments measured at NAV that are held in fiduciary custodial funds	\$ 3,338,846			
<b>JUNE 30, 2021</b>				
Limited partnerships (UFICO):				
Florida Long-term Pool Fund, LP	\$ 2,384,499,172	\$ 291,788,687	Monthly	30 days
Investments measured at NAV that are not held in fiduciary custodial funds	\$ 2,380,993,078			
Investments measured at NAV that are held in fiduciary custodial funds	\$ 3,506,094			

**Limited partnerships:** As of June 30, 2022 and 2021, this category consists of investments in a limited partnership managed by UFICO that invests in short-term investments global equities, fixed income, hedge strategies and private equity. The June 30 valuations of the investments in the limited partnership are based upon the value determined by the partnership’s general partner as of March 31, adjusted for unrealized gains/losses, capital contributions and distributions that occurred during the quarter ended June 30. These amounts may differ from values that would be determined if the investments in the limited partnership were publicly traded or if the June 30 valuation amounts were currently available. The nature of the investment in this category is that distributions are received through liquidation of underlying assets. Redemptions are limited at the discretion of the general partner (UFICO) to the extent any limitations are imposed by any of the underlying third-party managed funds. As of June 30, 2022, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Foundation’s ownership interest and partner’s capital.

As of June 30, 2022 and 2021, the major categories of the limited partnerships are summarized as follows:

**NOTE 7. INVESTMENTS: UFICO LIMITED PARTNERSHIPS**

	2022	2021
Short-term investments	\$ 147,220,497	\$ 190,069,338
Global equities	784,107,785	953,934,021
Global fixed income	90,835,866	64,646,224
Hedge strategies	439,639,124	439,216,514
Private equity investments	816,745,501	736,633,075
<b>Total</b>	<u>\$ 2,278,548,773</u>	<u>\$ 2,384,499,172</u>
UFICO limited partnership Investments not held in fiduciary custodial funds	\$ 2,275,209,927	\$ 2,380,993,078
UFICO limited partnership Investments held in fiduciary custodial funds	\$ 3,338,846	\$ 3,506,094

**Note 8. Endowments**

The Foundation’s endowment consists of 4,146 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, the net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

**Permanent endowments:** Permanent endowments are those funds subject to donor-imposed restrictions permitting only the income to be used as specified by the donor and that the principal be held in perpetuity.

**Term endowments:** Term endowments are similar to permanent endowments except that upon the passage of a stated period of time or a particular occurrence, all or part of the principal may be expended at any time.

**Interpretation of relevant law:** The Board has interpreted the State of Florida Statute (617.2104) cited as the *Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA)* as requiring the Board to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of the endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The Board considers the following factors in making its determination:

- The purpose of the Foundation
- The intent of the donor of the endowment fund
- The terms of the applicable instrument
- The long-term and short-term needs of the Foundation and the University in carrying out their purposes
- General economic conditions
- The possible effect of inflation or deflation
- The other resources of the Foundation and the University
- Perpetuation of the endowment

As a result of this interpretation, the Board classifies as restricted nonexpendable: (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) the original value of other corpus additions including state match provided to the permanent endowment. The remaining portion of the donor-restricted permanent endowment fund that is not classified as restricted nonexpendable is classified as restricted expendable until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by FUPMIFA. However, by Board policy, any appreciation is considered an asset of each individual endowment and is not appropriated for general Foundation or University use. For term endowments, the

entire value of the endowment is classified as restricted expendable until those amounts are appropriated for expenditure as specified by the terms for that endowment.

**Spending policy:** The Foundation’s spending policy is designed to provide positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment assets. Over the long-term, the current spending policy is designed to return a net positive gain in market value (growth) after spendable transfers and administrative fees.

The annual rate for spendable transfers, distributed quarterly is 4.00% of the spending base of each endowment’s principal fund. The principal fund’s spending base is a percentage of the market value, and is adjusted quarterly, if necessary, to fall within a range of 85.00% to 95.00% of the market value of the endowment investments. In addition, the principal fund is assessed an annual 1.35% fee, charged quarterly. This fee is a portion of the funding mechanism for the advancement programs of the University.

While the policy above is the Foundation’s current spending policy, the Foundation is working with the University and UFICO to develop and implement a new endowment spending policy to reduce the volatility of endowment payouts and provide greater investment flexibility. As an early action, the Foundation Executive Board approved a fixed payout for the fiscal year ended June 30, 2022 according to the spending base determined at June 30, 2021 and only adjusted for any new gifts invested during the fiscal year. To that end, endowment spending bases remained unadjusted throughout the year unless a new endowment gift was received.



**Investment policy:** The Foundation’s investment objectives are to provide an annualized real rate of return, net of fees, of at least 5.00% in order to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support activities of the funds held for colleges and units of the University. This policy is designed to tolerate volatility in short and intermediate-term performance.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation, through UFICO, targets a diversified asset allocation to achieve long-term objectives within prudent risk constraints.

The following displays the total ending endowment balances for nonexpendable endowments as of June 30, 2022 and 2021:

<b>NOTE 8. ENDOWMENTS</b>		
	<u>2022</u>	<u>2021</u>
Total endowment balance	\$ 2,272,031,288	\$ 2,375,271,275
Less term endowment	(935,238)	(1,084,188)
Less endowment capital assets, net	(2,940,937)	(2,950,381)
Less appreciation portion of restricted expendable	(732,681,394)	(893,000,750)
<b>Restricted nonexpendable balance</b>	<u>\$ 1,535,473,719</u>	<u>\$ 1,478,235,956</u>
	<u>2022</u>	<u>2021</u>
Endowment, beginning of year	\$ 2,375,271,275	\$ 1,844,027,357
Contributions and other revenues	57,331,962	53,744,513
Investment return, net	(51,376,517)	570,399,955
Appropriation of endowment assets for expenditure	(109,195,432)	(92,900,550)
<b>Endowment, end of year</b>	<u>\$ 2,272,031,288</u>	<u>\$ 2,375,271,275</u>

Endowment net position and activity for University of Florida related entities are not included in the preceding schedule. The ending net position including those entities at June 30, 2022 and 2021, are as follows:

**NOTE 8. ENDOWMENTS: UNIVERSITY ENDOWMENT**

	<u>2022</u>	<u>2021</u>
University of Florida permanent endowments	\$ 2,271,096,050	\$ 2,374,187,087
University of Florida term endowments	935,238	1,084,188
Permanent endowments held on behalf of University of Florida related entities (fiduciary custodial funds)	<u>3,485,270</u>	<u>3,567,044</u>
<b>Total University endowment</b>	<u>\$ 2,275,516,558</u>	<u>\$ 2,378,838,319</u>

**Underwater endowments:** As a result of market declines, the fair values of certain donor-restricted endowments were less than the historical cost values (original gift/book values), and therefore, are considered to be underwater. The fair value deficiencies of underwater endowments were \$3,155,861 and \$0 at June 30, 2022 and 2021, respectively.

**Note 9. Real Estate Held for Sale**

Contributions of real estate for sale are generally recorded at their appraised value at the date of gift. Real estate held for sale is actively marketed with realtors and is expected to be sold at a reasonable price.

The Note 9 table sets forth a summary of changes in real estate held for sale for the fiscal years ended June 30, 2022 and 2021.

**NOTE 9. REAL ESTATE HELD FOR SALE**

	<u>2022</u>	<u>2021</u>
<b>Real estate held for sale, beginning of year</b>	\$ 5,126,313	\$ 6,530,454
Donations	2,921,001	2,661,844
Disposals	(2,458,628)	(3,676,475)
Impairments	(152,200)	(389,510)
<b>Real estate held for sale, end of year</b>	<u>\$ 5,436,486</u>	<u>\$ 5,126,313</u>
<b>Real estate held for sale in fiduciary custodial funds</b>	<u>\$ 50,400</u>	<u>\$ 63,000</u>

## Note 10. Capital Assets

Capital assets activity for the fiscal years ended June 30, 2022 and 2021 is as follows:

<b>NOTE 10. CAPITAL ASSETS</b>				
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>
Property and equipment:				
Land held for use and land preserve	\$ 99,921,273	\$ 525,306	\$ -	\$ 100,446,579
Buildings held for use	8,183,660	115,929	-	8,299,589
Less accumulated depreciation	(5,872,376)	(215,780)	-	(6,088,156)
Net buildings held for use	<u>2,311,284</u>	<u>(99,851)</u>	<u>-</u>	<u>2,211,433</u>
Equipment, furniture and vehicles	6,273,225	2,040,120	(386,153)	7,927,192
Less accumulated depreciation	(4,895,502)	(975,911)	386,153	(5,485,260)
Net equipment, furniture and vehicles	<u>1,377,723</u>	<u>1,064,209</u>	<u>-</u>	<u>2,441,932</u>
Software subscriptions	2,298,162	2,029,534	(821)	4,326,875
Less accumulated amortization	(313,269)	(1,291,914)	-	(1,605,183)
Net software subscriptions	<u>1,984,893</u>	<u>737,620</u>	<u>(821)</u>	<u>2,721,692</u>
Other capital assets	95,002	-	-	95,002
<b>Total capital assets, net</b>	<u>\$ 105,690,175</u>	<u>\$ 2,227,284</u>	<u>\$ (821)</u>	<u>\$ 107,916,638</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>
Property and equipment:				
Land held for use and land preserve	\$ 58,999,873	\$ 40,921,400	\$ -	\$ 99,921,273
Buildings held for use	8,183,660	-	-	8,183,660
Less accumulated depreciation	(5,637,056)	(235,320)	-	(5,872,376)
Net buildings held for use	<u>2,546,604</u>	<u>(235,320)</u>	<u>-</u>	<u>2,311,284</u>
Equipment, furniture and vehicles	5,168,193	1,151,044	(46,012)	6,273,225
Less accumulated depreciation	(4,033,804)	(907,710)	46,012	(4,895,502)
Net equipment, furniture and vehicles	<u>1,134,389</u>	<u>243,334</u>	<u>-</u>	<u>1,377,723</u>
Software subscriptions	-	2,298,162	-	2,298,162
Less accumulated amortization	-	(313,269)	-	(313,269)
Net software subscriptions	<u>-</u>	<u>1,984,893</u>	<u>-</u>	<u>1,984,893</u>
Other capital assets	95,002	-	-	95,002
<b>Total capital assets, net</b>	<u>\$ 62,775,868</u>	<u>\$ 42,914,307</u>	<u>\$ -</u>	<u>\$ 105,690,175</u>

Depreciation and amortization expense was charged to the following operating expense functions for the fiscal years ended June 30, 2022 and 2021:

<b>NOTE 10. CAPITAL ASSETS: DEPRECIATION AND AMORTIZATION EXPENSE</b>			
		<u>2022</u>	<u>2021</u>
Program services	\$	85,480	\$ 85,480
Supporting services		2,398,125	1,370,819
<b>Total</b>	<u>\$</u>	<u>2,483,605</u>	<u>\$ 1,456,299</u>

## Note 11. Long-term Liabilities

A summary of changes in long-term liabilities for the fiscal years ended June 30, 2022 and 2021 is as follows:

<b>NOTE 11. LONG-TERM LIABILITIES</b>					
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Shands Teaching Hospital and Clinics, Inc. parking garage - direct borrowing	\$ 300,000	\$ -	\$ (100,000)	\$ 200,000	\$ 100,000
College of the Arts warehouse - direct borrowing	478,996	-	(25,966)	453,030	27,568
Software subscriptions	1,163,573	-	(227,627)	935,946	893,028
<b>Total capital related liabilities</b>	<u>1,942,569</u>	<u>-</u>	<u>(353,593)</u>	<u>1,588,976</u>	<u>1,020,596</u>
Split-interest agreements:					
Annuity liabilities	8,935,360	766,010	(463,818)	9,237,552	973,712
Trust liabilities	35,895,224	969,420	(5,492,613)	31,372,031	2,850,754
Other noncurrent liabilities	3,228,972	370,677	(1,130,957)	2,468,692	-
<b>Total other noncurrent liabilities</b>	<u>48,059,556</u>	<u>2,106,107</u>	<u>(7,087,388)</u>	<u>43,078,275</u>	<u>3,824,466</u>
<b>Total noncurrent liabilities</b>	<u>\$ 50,002,125</u>	<u>\$ 2,106,107</u>	<u>\$ (7,440,981)</u>	<u>\$ 44,667,251</u>	<u>\$ 4,845,062</u>
<b>Annuity liabilities held in fiduciary custodial funds</b>	<u>\$ 223,070</u>	<u>\$ 14,064</u>	<u>\$ (10,099)</u>	<u>\$ 227,035</u>	<u>\$ 21,701</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Shands Teaching Hospital and Clinics, Inc. parking garage - direct borrowing	\$ 400,000	\$ -	\$ (100,000)	\$ 300,000	\$ 100,000
College of the Arts warehouse - direct borrowing	498,589	-	(19,593)	478,996	25,967
Software subscriptions	-	1,773,873	(610,300)	1,163,573	572,484
<b>Total capital related liabilities</b>	<u>898,589</u>	<u>1,773,873</u>	<u>(729,893)</u>	<u>1,942,569</u>	<u>698,451</u>
Split-interest agreements:					
Annuity liabilities	9,402,258	167,270	(634,168)	8,935,360	1,003,668
Trust liabilities	34,936,817	4,891,580	(3,933,173)	35,895,224	2,956,597
Other noncurrent liabilities	3,537,128	583,829	(891,985)	3,228,972	-
<b>Total other noncurrent liabilities</b>	<u>47,876,203</u>	<u>5,642,679</u>	<u>(5,459,326)</u>	<u>48,059,556</u>	<u>3,960,265</u>
<b>Total noncurrent liabilities</b>	<u>\$ 48,774,792</u>	<u>\$ 7,416,552</u>	<u>\$ (6,189,219)</u>	<u>\$ 50,002,125</u>	<u>\$ 4,658,716</u>
<b>Annuity liabilities held in fiduciary custodial funds</b>	<u>\$ 233,236</u>	<u>\$ -</u>	<u>\$ (10,166)</u>	<u>\$ 223,070</u>	<u>\$ 21,701</u>

### Shands Teaching Hospital and Clinics, Inc. parking garage - direct borrowing:

On June 30, 1994, the Foundation entered into a \$3,000,000 30-year note, maturing September 1, 2023, to assume the financial obligation for the Shands parking garage facility. The note is payable to Shands in annual installments of \$100,000. The note is non-interest bearing, but interest is imputed at a rate of 3.75% for the fiscal years ended June 30, 2022 and 2021. The note is collateralized by an asset with a carrying value of \$200,000.

### College of the Arts warehouse - direct borrowing:

On April 15, 2010, the Foundation entered into a \$600,000 24-year note, maturing April 1, 2034, to purchase property for the University of Florida College of the Arts. The note is payable to an individual in monthly installments of \$3,500 through 2016, \$4,000 through 2021 and \$4,500 through 2034. The note bears interest at a fixed rate of 6.00%. The note is collateralized by property with a carrying value of \$478,333.

**Software subscriptions:** The Foundation has entered into multiple software subscription agreements over the

prior fiscal years. The aggregate amount of outstanding principal on all agreements is \$935,946 as of the fiscal year ended June 30, 2022. The agreements are payable in annual installments ranging from \$44,333 to \$610,300 through 2024. The liability for each agreement was initially measured at the present value of the subscription payments expected to be made during the subscription term. The discount rate used to measure the liability for each agreement was 3.25%, the most-recent U.S. Prime Rate. The related software subscription asset has a carrying value of \$2,721,692 and includes other costs capitalized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

**Interest expense:** Total interest expense for the fiscal years ended June 30, 2022 and 2021, respectively, was \$85,627 and \$39,852. These amounts are included in program services and supporting services in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

**Principal and interest requirements:** Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2022, are as follows:



**NOTE 11. LONG-TERM LIABILITIES:  
DEBT SERVICE REQUIREMENTS - DIRECT BORROWINGS**

Year Ending June 30,	Principal	Interest	Total
2023	\$ 127,568	\$ 26,432	\$ 154,000
2024	129,268	24,732	154,000
2025	31,074	22,926	54,000
2026	32,990	21,010	54,000
2027	35,025	18,975	54,000
2028-2032	210,320	59,680	270,000
2033-2034	86,785	4,704	91,488
<b>Total</b>	<b>\$ 653,030</b>	<b>\$ 178,459</b>	<b>\$ 831,488</b>

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

**NOTE 11. SOFTWARE SUBSCRIPTION**

Year Ending June 30,	Principal	Interest	Total
2023	\$ 893,028	\$ 189,731	\$ 1,082,759
2024	42,918	7,992	50,910
<b>Total</b>	<b>\$ 935,946</b>	<b>\$ 197,723</b>	<b>\$ 1,133,669</b>

**Note 12. Retirement Plans****GENERAL INFORMATION ABOUT THE UNIVERSITY  
OF FLORIDA FOUNDATION PENSION PLAN**

**Plan description:** The Foundation has a noncontributory, defined benefit pension plan (the Plan) that covered all Foundation employees before all remaining employees were converted to University employees prior to December 31, 2017.

On September 17, 2021, the Foundation's Board voted to terminate the Plan effective January 1, 2022. In conjunction with this termination, remaining Plan participants were offered an optional one-time, lump sum payout. For any participants who did not elect the payout, the remaining liability was transferred to an insurance company that is responsible for continuing payments to participants under a group annuity. The total amount paid to the insurance company as part of this agreement was \$4,748,051. As a result of this termination, no balances exist in the Plan as of June 30, 2022.

**Benefits provided:** The Plan provides for deferred benefits and covered participants with more than five years of service as a Foundation employee and a minimum of 21 years. Benefits are based on years of service and the employee's final average compensation as defined under the Plan.

**Employees covered by benefit terms:** At June 30, 2022 and 2021, the following employees were covered by the benefit terms:

**NOTE 12. RETIREMENT PLANS: COVERED EMPLOYEES**

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	-	88
Inactive employees entitled to but not yet receiving benefits	-	84
Active employees	-	-
<b>Total</b>	<b>-</b>	<b>172</b>

As of June 30, 2018, there were no employees covered by the Plan. Currently, all personnel are University employees who participate in the University's retirement plans.

**Contributions:** The Plan is noncontributory for employees. The Foundation makes annual contributions to the Plan in compliance with legal funding requirements as determined by the Plan's actuary, Arthur J. Gallagher & Co.

**NET PENSION ASSET**

The Plan's net pension asset was measured as of June 30, 2022 and 2021 by comparing the Plan's fiduciary net position to the total pension liability. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021 and July 1, 2020 for the fiscal years ended June 30, 2022 and 2021, respectively.

**Actuarial assumptions:** There was no pension liability in the July 1, 2021 actuarial valuation due to the closing of the Plan. The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**NOTE 12. RETIREMENT PLANS: ASSUMPTIONS**

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.00%

Mortality rates were based on the RP-2014 mortality tables fully projected with scale MP-2020 for the actuarial valuation as of July 1, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. There were no plan assets, and thus no target allocation, in the July 1, 2021 actuarial valuation due to the closing of the Plan. The target allocation and best estimates of real rates of return for each major asset class applicable to the actuarial valuation as of July 1, 2020 are summarized in the following table:

**NOTE 12. RETIREMENT PLANS: TARGET ALLOCATION**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global equity	60.00%	8.50%
Fixed income	39.00%	4.70%
Cash	1.00%	3.00%
<b>Total</b>	<b>100.00%</b>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.00% for the actuarial valuation as of July 1, 2020. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments to inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**CHANGES IN THE NET PENSION ASSET**

**NOTE 12. RETIREMENT PLANS: CHANGES IN NET PENSION**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>BALANCES AT JUNE 30, 2021</b>	\$ 24,487,812	\$ 38,955,997	\$ (14,468,185)
<b>Changes for the year:</b>			
Interest	1,681,729	-	1,681,729
Differences between expected and actual experience	13,690,592	-	13,690,592
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Net investment income	-	926,130	(926,130)
Benefit payments, including refunds of member contributions	(39,860,133)	(39,860,133)	-
Administrative expense	-	(21,994)	21,994
<b>Net changes</b>	<b>(24,487,812)</b>	<b>(38,955,997)</b>	<b>14,468,185</b>
<b>Balances at June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BALANCES AT JUNE 30, 2020</b>	\$ 23,032,516	\$ 30,593,190	\$ (7,560,674)
<b>Changes for the year:</b>			
Interest	1,570,496	-	1,570,496
Differences between expected and actual experience	1,011,157	-	1,011,157
Changes of assumptions	67,364	-	67,364
Contributions - employer	-	1,750,000	(1,750,000)
Net investment income	-	7,854,297	(7,854,297)
Benefit payments, including refunds of member contributions	(1,193,721)	(1,193,721)	-
Administrative expense	-	(47,769)	47,769
<b>Net changes</b>	<b>1,455,296</b>	<b>8,362,807</b>	<b>(6,907,511)</b>
<b>Balances at June 30, 2021</b>	<b>\$ 24,487,812</b>	<b>\$ 38,955,997</b>	<b>\$ (14,468,185)</b>

**Sensitivity of the net pension asset to changes in the discount rate:**

The following tables present the net pension asset of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension asset

would be if it were calculated using a discount rate that is 1-percentage point higher (8.00%) or 1-percentage point lower (6.00%) than the current rate, as of June 30, 2021:

**NOTE 12. RETIREMENT PLANS: SENSITIVITY TO CHANGES IN DISCOUNT RATE**

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>JUNE 30, 2021</b>			
<b>Net pension asset</b>	\$ (11,393,018)	\$ (14,468,185)	\$ (17,006,292)

**PENSION EXPENSE AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the fiscal years ended June 30, 2022 and 2021, the Foundation recognized pension benefits of \$9,757,352 and \$888,308, respectively. At June 30, 2021, the Foundation reported deferred inflows of resources as related to pensions from the following sources:

**NOTE 12. RETIREMENT PLANS: DEFERRED INFLOWS**

	<b>Deferred Inflows of Resources</b>
<b>JUNE 30, 2021</b>	
<b>Net difference between projected and actual earnings on investments</b>	<b>\$ (4,710,834)</b>

All remaining deferred inflows of resources related to pension were recognized in pension expense during the fiscal year 2022 as a result of the termination of the Plan. As such, there are no deferred inflows of resources at June 30, 2022.

**UNIVERSITY RETIREMENT PLANS**

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.

**Florida Retirement System (FRS):** The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes and is a multiple-employer defined benefit pension plan. Essentially, all regular employees of the University are eligible to enroll as members of the State-administered FRS.

**Health Insurance Subsidy (HIS):** The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

**FRS Investment Plan (Investment Plan):** Pursuant to Section 121.4501, Florida Statutes, the Florida legislature created a Public Employee Optional

Retirement Program (PEORP), also known as the FRS Investment Plan. The Investment Plan is a defined contribution plan. Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan.

**State University System Optional Retirement Program (SUSORP):** Pursuant to Section 121.35, Florida Statutes, the Florida legislature created an Optional Retirement Program (SUSORP) for eligible University faculty and administrators. The SUSORP is a defined contribution plan.

The University applies the guidance in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in accounting for the FRS and HIS. The University has determined that the Foundation is not a payor fund for the purpose of liquidating the pension and HIS liabilities, therefore, no net pension liability or related deferred amounts are reported in the financial statements of the Foundation. An actuarial valuation has been performed for both plans. Personnel assigned to the Foundation were included in the actuarial analysis and are part of the total pension liabilities, the net pension liabilities and the plan net positions disclosed in the notes and other required supplementary information of the Annual Financial Report of the University, which may be obtained from the University.

**Other post-employment healthcare benefits:** As required by Florida Statutes, Section 112.081, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium costs (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.

The University has determined that the Foundation is not a payor fund for the purpose of liquidating the

net OPEB liability, therefore no net OPEB liability or related deferral amounts are reported in the financial statements of the Foundation. An actuarial valuation has been performed for the plan. Personnel assigned to the Foundation were included in the actuarial analysis and are part of the total OPEB liability, net OPEB liability, and plan net position disclosed in the notes and other required supplementary information of the University’s Annual Financial Report, which may be obtained from the University. An amount representing group insurance benefits for current personnel assigned to the Foundation is charged to the Foundation through a fringe rate assessed by the University in the period the benefits are earned.

### Note 13. Administrative Fees

The University funds its advancement programs primarily through a series of fees. The fees are part of the Foundation’s operating budget. The Finance Advisory Committee of the Foundation’s board is responsible for reviewing and recommending a fee assessment policy. Changes to the policy are approved by the Foundation’s Board.

During the fiscal years ended June 30, 2022 and 2021, the Foundation assessed the following fees:

#### NOTE 13. ADMINISTRATIVE FEES

	<u>2022</u>	<u>2021</u>
Fees assessed on pooled investments	\$ 27,523,936	\$ 23,776,211
Gift fees associated with major gifts and eminent scholar program funds	169,815	375,509
Gift fees associated with all other funds	6,492,019	5,925,087
Real estate fees	9,415	25,398
Non-gift fees	85,447	30,169
<b>Total fees</b>	<u>\$ 34,280,632</u>	<u>\$ 30,132,374</u>

For financial reporting purposes, these fees are eliminated.

### Note 14. 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 Foundation is the primary fundraiser for the University; in return, the University provides monetary support. The Foundation receives administrative and fundraising support from the University pertaining to expenses for salaries and related benefits that are funded as part of the University support.



In 1994, the Foundation assumed the financial obligation for a parking garage facility from Shands Teaching Hospital and Clinic, Inc. and the related \$3,000,000 note payable, of which \$200,000 is outstanding as of June 30, 2022. Simultaneously, the Foundation executed a non-cancelable operating lease with the University as the tenant. The lease agreement requires the University to make annual lease payments through the Foundation through June 30, 2024 (See Note 11).

The Foundation executed a non-cancelable operating lease for real property with the University as the tenant. The lease agreement requires the University to make monthly lease payments of \$3,500 through 2016, \$4,000 through 2021 and \$4,500 through 2025. The University has the right to renew the lease; whereby, the agreement requires monthly lease payments of \$4,500 to be made through 2034 (see Note 11).

The Foundation has several long-term agreements relating to office facilities with the University expiring in 2044 and 2046. Lease payments for these facilities range from \$1 per year to \$10 per year, well below the current market rates for comparable space. The Foundation recognized an expense and in-kind revenue associated with these lease agreements is \$1,655,596 and \$1,407,256 for the fiscal years ended June 30, 2022 and 2021, respectively.

The Foundation transfers excess operating funds and certain funds held on behalf of University related entities and records a receivable due from the University. The receivable from the University was \$67,461,538 and \$46,919,331 as of June 30, 2022 and 2021, respectively, and is included in receivables and prepaid expenses in the accompanying Statements of Net Position. The amounts are considered fully collectible and, as such, no allowance has been recorded.

### Note 15. Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destructions 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 fiscal year ended June 30, 2022, basic types of insurance coverage remained the same as the types of coverage for June 30, 2021. No settlements have exceeded coverage levels in place during the past three fiscal years.

### Note 16. 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.

### Note 17. Blended Component Unit

Condensed component unit information for the University of Florida Alumni Association, Inc. (Alumni Association), a blended component unit, as of and for the fiscal years ended June 30, 2022 and 2021 is as follows:

NOTE 17. CONDENSED STATEMENTS		
Condensed Statements of Revenues, Expenses and Changes in Net Position	2022	2021
<b>Operating revenues</b>		
Alumni operating revenues	\$ 2,102,351	\$ 1,945,813
Support from the Foundation	575,424	210,713
<b>Total operating revenues</b>	<u>2,677,775</u>	<u>2,156,526</u>
<b>Operating expenses</b>		
Alumni operating expenses	<u>2,677,775</u>	<u>2,156,526</u>
<b>Change in net position</b>	-	-
<b>Net position - beginning of year</b>	-	-
<b>Net position - end of year</b>	<u>\$ -</u>	<u>\$ -</u>

The Alumni Association operating expenses are included in alumni relations under supporting services on the Statements of Revenues, Expenses and Changes in Net Position. The Foundations funds any operating deficiency of the Alumni Association and the operating accounts relating to the Alumni Association have no assets or liabilities at the end of each fiscal year.



# REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021, 2020 AND 2019



## SUPPLEMENTAL SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

	2022 <sup>(1)(2)</sup>	2021 <sup>(1)(2)</sup>	2020 <sup>(1)(2)</sup>	2019 <sup>(1)(2)</sup>
<b>Total pension liability</b>				
Interest	\$ 1,681,729	\$ 1,570,496	\$ 1,553,696	\$ 1,640,829
Differences between expected and actual experience	13,690,592	1,011,157	21,583	(1,683,207)
Changes of assumptions	-	67,364	(127,338)	(65,696)
Benefit payments, including refunds of member contributions	(39,860,133)	(1,193,721)	(1,222,173)	(1,051,181)
<b>Net change in total pension liability</b>	(24,487,812)	1,455,296	225,768	(1,159,255)
<b>Total pension liability - beginning</b>	24,487,812	23,032,516	22,806,748	23,966,003
<b>Total pension liability - ending (a)</b>	<u>\$ -</u>	<u>\$ 24,487,812</u>	<u>\$ 23,032,516</u>	<u>\$ 22,806,748</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ 1,750,000	\$ 1,350,000	\$ 1,300,000
Net investment income	926,130	7,854,297	2,025,607	2,367,391
Benefit payments, including refunds of member contributions	(39,860,133)	(1,193,721)	(1,222,173)	(1,051,181)
Administrative expense	(21,994)	(47,769)	(137,057)	(130,971)
<b>Net change in plan fiduciary net position</b>	(38,955,997)	8,362,807	2,016,377	2,485,239
<b>Plan fiduciary net position - beginning</b>	38,955,997	30,593,190	28,576,813	26,091,574
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ 38,955,997</u>	<u>\$ 30,593,190</u>	<u>\$ 28,576,813</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ -</u>	<u>\$ (14,468,185)</u>	<u>\$ (7,560,674)</u>	<u>\$ (5,770,065)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	0.0%	159.1%	132.8%	125.3%
<b>Covered-employee payroll<sup>(3)</sup></b>	\$ -	\$ -	\$ -	\$ -
<b>Net pension asset as a percentage of covered-employee payroll</b>	N/A	N/A	N/A	N/A

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) The discount rate for calculating the total pension liability is equal to the long-term expected rate of return of 7%.

(3) As of June 30, 2018, there were no employees covered by the Plan. Currently, all personnel are University employees who participate in the University's retirement plans.



**SUPPLEMENTAL SCHEDULE OF PENSION CONTRIBUTIONS**

	<u>2022<sup>(1)</sup></u>	<u>2021<sup>(1)</sup></u>	<u>2020<sup>(1)</sup></u>	<u>2019<sup>(1)</sup></u>
Actuarially determined contribution	\$ -	\$ -	\$ 807,509	\$ 795,418
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>1,750,000</u>	<u>1,350,000</u>	<u>1,300,000</u>
<b>Contribution excess</b>	<u>\$ -</u>	<u>\$ (1,750,000)</u>	<u>\$ (542,491)</u>	<u>\$ (504,582)</u>
<b>Covered-employee payroll<sup>(2)</sup></b>	\$ -	\$ -	\$ -	\$ -
<b>Contributions as a percentage of covered-employee payroll</b>	N/A	N/A	N/A	N/A

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) As of June 30, 2018, there were no employees covered by the Plan. Currently, all personnel are University employees who participate in the University's retirement plans.

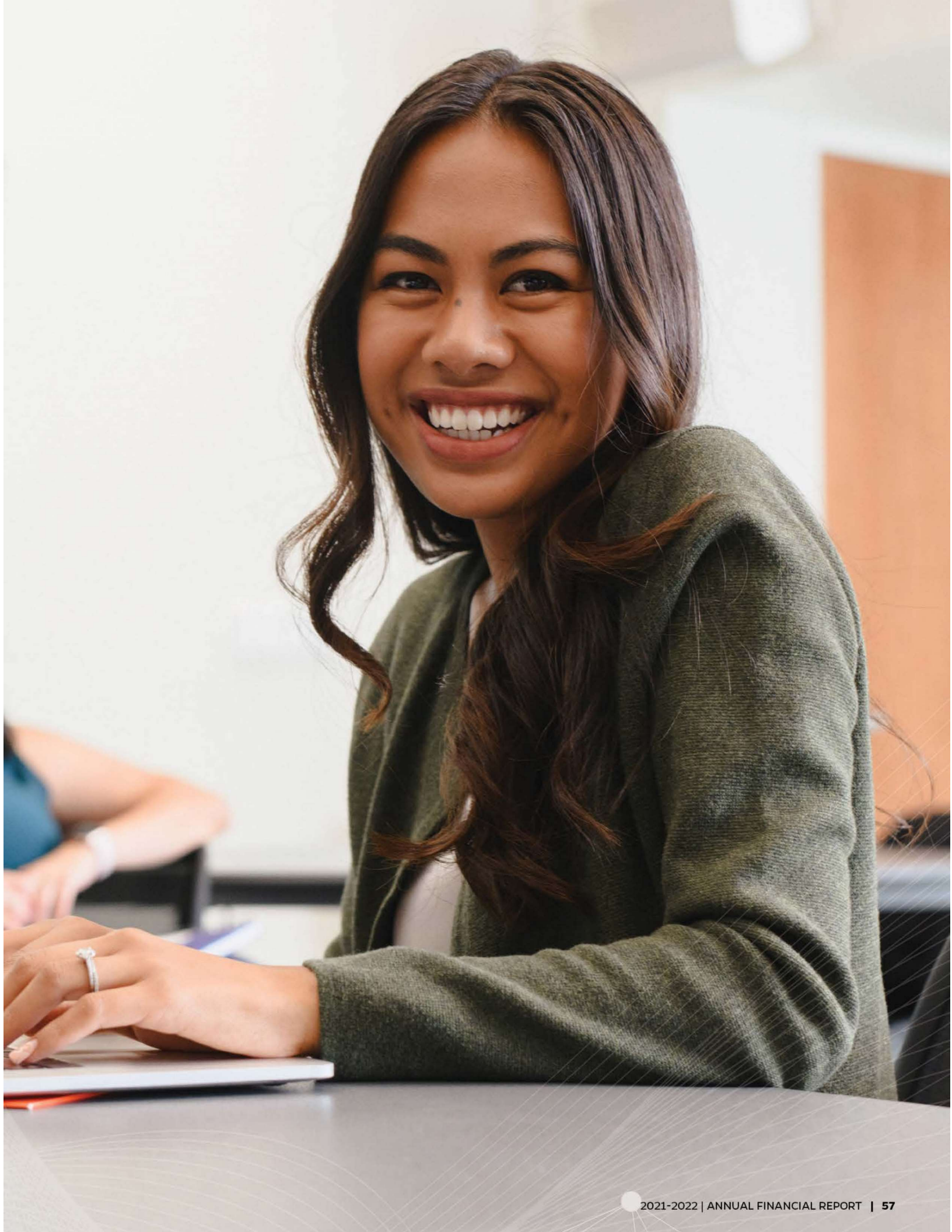
**SUPPLEMENTAL SCHEDULE OF PENSION TRUST FUND INVESTMENT RETURNS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Annual money-weighted rate of return, net of investment expenses</b>	2.4%	25.3%	6.6%



# SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



## SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(for the fiscal year ended June 30, 2022)

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable		
<b>Operating revenues</b>					
Contributions, net	\$ 3,216	\$ 190,071,137	\$ -	\$ 205,000	\$ 190,279,353
Support from the University of Florida	23,352,143	-	-	-	23,352,143
Investment return, net	8,849,488	(51,463,104)	(94,201)	-	(42,707,817)
Alumni program support	1,701,385	(531,258)	-	-	1,170,127
License plate revenues	1,452,641	968,427	-	-	2,421,068
Other revenues, gains and losses	3,065,621	3,936,515	-	-	7,002,136
<b>Total operating revenues, net</b>	<b>38,424,494</b>	<b>142,981,717</b>	<b>(94,200)</b>	<b>205,000</b>	<b>181,517,010</b>
<b>Operating expenses</b>					
<b>Program services</b>					
General college support	1,964,647	67,446,616	-	29,160	69,440,423
Student financial aid	-	29,425,363	-	-	29,425,363
Faculty and staff support	-	28,797,374	-	-	28,797,374
Research	-	21,476,300	-	-	21,476,300
Facilities	-	12,013,138	-	48,335	12,061,473
Other	-	10,452,008	-	7,986	10,459,994
<b>Total program services</b>	<b>1,964,647</b>	<b>169,610,799</b>	<b>-</b>	<b>85,481</b>	<b>171,660,927</b>
<b>Supporting services</b>					
Communications and marketing	5,165,507	-	-	-	5,165,507
Alumni relations	5,255,469	-	-	-	5,255,469
Development	24,632,711	-	-	-	24,632,711
Operations	21,072,996	-	-	2,398,125	23,471,121
Talent management	2,386,396	-	-	-	2,386,396
<b>Total supporting services</b>	<b>58,513,079</b>	<b>-</b>	<b>-</b>	<b>2,398,125</b>	<b>60,911,204</b>
<b>Total operating expenses</b>	<b>60,477,726</b>	<b>169,610,799</b>	<b>-</b>	<b>2,483,606</b>	<b>232,572,131</b>
<b>Operating income (loss)</b>	<b>(22,053,232)</b>	<b>(26,629,082)</b>	<b>(94,201)</b>	<b>(2,278,606)</b>	<b>(51,055,121)</b>
<b>Nonoperating revenues</b>					
Change in value of split-interest agreements	-	31,918	-	-	31,918
<b>Total nonoperating revenues</b>	<b>-</b>	<b>31,918</b>	<b>-</b>	<b>-</b>	<b>31,918</b>
<b>Income (loss) before changes in nonexpendable</b>	<b>(22,053,232)</b>	<b>(26,597,164)</b>	<b>(94,201)</b>	<b>(2,278,606)</b>	<b>(51,023,203)</b>
<b>Changes in nonexpendable</b>					
Endowment contributions	-	-	50,705,292	-	50,705,292
Alumni endowment life memberships	-	-	409,315	-	409,315
Other revenues, gains and losses	-	-	1,192,252	-	1,192,252
Split-interest agreement terminations	-	-	1,402,515	-	1,402,515
<b>Total changes in nonexpendable</b>	<b>-</b>	<b>-</b>	<b>53,709,374</b>	<b>-</b>	<b>53,709,374</b>
<b>Transfers</b>					
Net transfers in (out)	(6,813,126)	3,190,536	3,622,590	-	-
Internal fees in (out)	32,637,917	(32,637,917)	-	-	-
Capital asset adjustments in (out)	(4,512,387)	(346,275)	-	4,858,662	-
<b>Total transfers</b>	<b>21,312,404</b>	<b>(29,793,656)</b>	<b>3,622,590</b>	<b>4,858,662</b>	<b>-</b>
<b>Change in net position</b>	<b>(740,828)</b>	<b>(56,390,820)</b>	<b>57,237,763</b>	<b>2,580,056</b>	<b>2,686,171</b>
<b>Net position - beginning of year</b>	<b>41,557,296</b>	<b>1,015,441,431</b>	<b>1,478,235,956</b>	<b>103,747,606</b>	<b>2,638,982,289</b>
<b>Net position - end of year</b>	<b>\$ 40,816,468</b>	<b>\$ 959,050,611</b>	<b>\$ 1,535,473,719</b>	<b>\$ 106,327,662</b>	<b>\$2,641,668,460</b>

**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
(for the fiscal year ended June 30, 2021)

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable		
<b>Operating revenues</b>					
Contributions, net	\$ 4,997	\$ 162,806,838	\$ -	\$ 40,921,400	\$ 203,733,235
Support from the University of Florida	23,720,530	-	-	-	23,720,530
Investment return, net	1,677	570,960,133	(40,704)	-	570,921,106
Alumni program support	1,424,431	(475,985)	-	-	948,446
License plate revenues	1,495,793	997,195	-	-	2,492,988
Other revenues, gains and losses	1,719,697	3,249,618	-	-	4,969,315
<b>Total operating revenues, net</b>	<u>28,367,125</u>	<u>737,537,799</u>	<u>(40,704)</u>	<u>40,921,400</u>	<u>806,785,620</u>
<b>Operating expenses</b>					
<b>Program services</b>					
General college support	2,143,283	64,155,292	-	29,158	66,327,733
Student financial aid	-	28,191,593	-	-	28,191,593
Faculty and staff support	-	25,603,705	-	-	25,603,705
Research	-	20,161,430	-	-	20,161,430
Facilities	-	69,177,214	-	48,335	69,225,549
Other	-	13,901,659	-	7,986	13,909,645
<b>Total program services</b>	<u>2,143,283</u>	<u>221,190,893</u>	<u>-</u>	<u>85,479</u>	<u>223,419,655</u>
<b>Supporting services</b>					
Communications and marketing	3,306,065	-	-	-	3,306,065
Alumni relations	4,185,939	-	-	-	4,185,939
Development	21,900,116	-	-	-	21,900,116
Operations	9,328,281	-	-	1,370,819	10,699,100
Talent management	3,425,233	-	-	-	3,425,233
<b>Total supporting services</b>	<u>42,145,634</u>	<u>-</u>	<u>-</u>	<u>1,370,819</u>	<u>43,516,453</u>
<b>Total operating expenses</b>	<u>44,288,917</u>	<u>221,190,893</u>	<u>-</u>	<u>1,456,298</u>	<u>266,936,108</u>
<b>Operating income (loss)</b>	<u>(15,921,792)</u>	<u>516,346,906</u>	<u>(40,704)</u>	<u>39,465,102</u>	<u>539,849,512</u>
<b>Nonoperating revenues</b>					
Change in value of split-interest agreements	-	813,843	-	-	813,843
<b>Total nonoperating revenues</b>	<u>-</u>	<u>813,843</u>	<u>-</u>	<u>-</u>	<u>813,843</u>
<b>Income (loss) before changes in nonexpendable</b>	<u>(15,921,792)</u>	<u>517,160,749</u>	<u>(40,704)</u>	<u>39,465,102</u>	<u>540,663,355</u>
<b>Changes in nonexpendable</b>					
Endowment contributions	-	-	50,581,164	-	50,581,164
Alumni endowment life memberships	-	-	430,515	-	430,515
Other revenues, gains and losses	-	-	64,557	-	64,557
Split-interest agreement terminations	-	-	812,989	-	812,989
<b>Total changes in nonexpendable</b>	<u>-</u>	<u>-</u>	<u>51,889,225</u>	<u>-</u>	<u>51,889,225</u>
<b>Transfers</b>					
Net transfers in (out)	(1,345,762)	(509,527)	1,855,289	-	-
Internal fees in (out)	29,303,040	(29,303,040)	-	-	-
Capital asset adjustments in (out)	3,054,866	(5,348,735)	(111,356)	2,405,225	-
<b>Total transfers</b>	<u>31,012,144</u>	<u>(35,161,302)</u>	<u>1,743,933</u>	<u>2,405,225</u>	<u>-</u>
<b>Change in net position</b>	<u>15,090,352</u>	<u>481,999,447</u>	<u>53,592,454</u>	<u>41,870,327</u>	<u>592,552,580</u>
<b>Net position - beginning of year</b>	<u>26,466,944</u>	<u>533,441,984</u>	<u>1,424,643,502</u>	<u>61,877,279</u>	<u>2,046,429,709</u>
<b>Net position - end of year</b>	<u>\$ 41,557,296</u>	<u>\$1,015,441,431</u>	<u>\$ 1,478,235,956</u>	<u>\$ 103,747,606</u>	<u>\$ 2,638,982,289</u>



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## **Independent Auditor's 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***

Executive Board  
University of Florida 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 and fiduciary activities of the University of Florida Foundation, Inc. (the Foundation), a discretely presented component unit of the University of Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 13, 2022.

### **Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct

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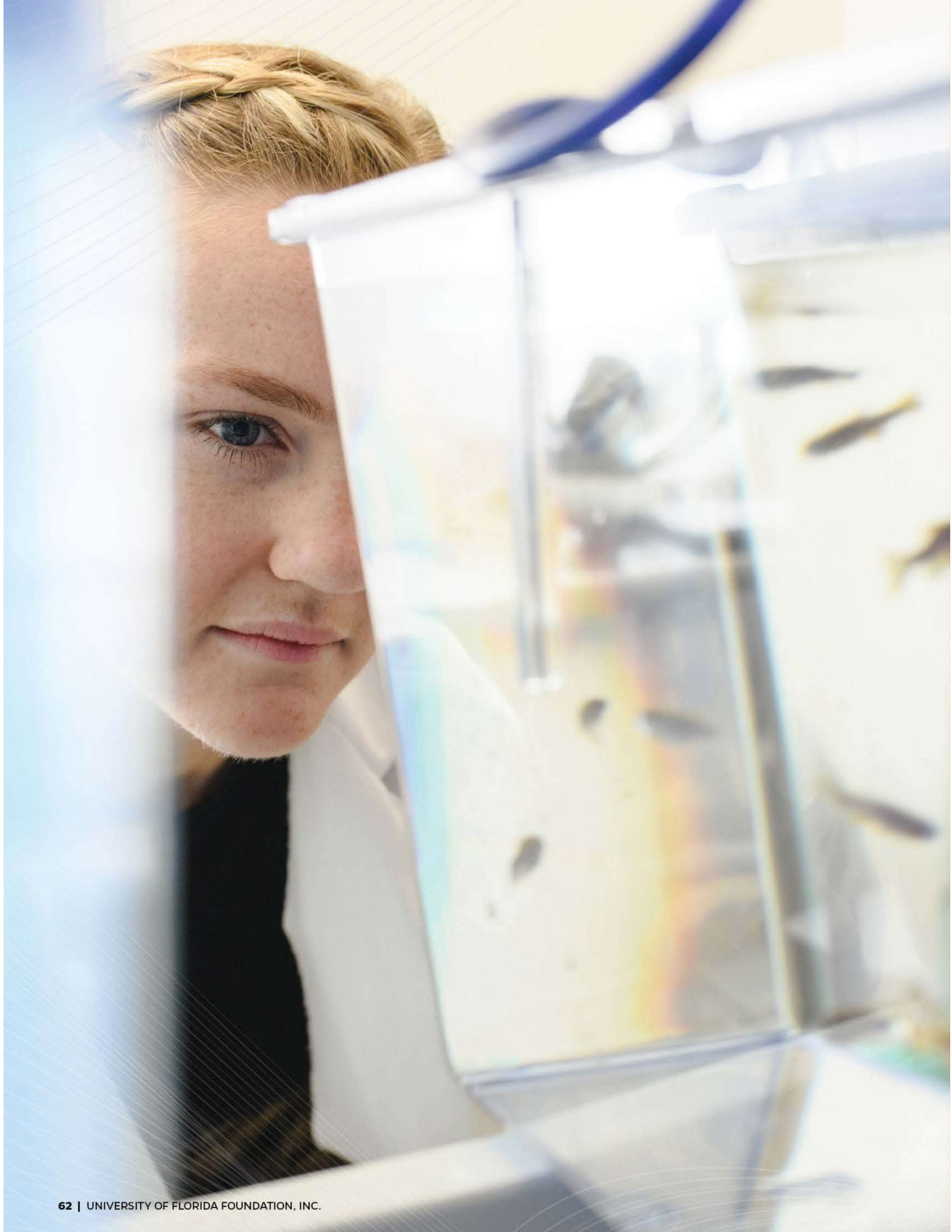
and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required 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 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.

*BDO USA, LLP*

October 13, 2022





**AUDIT COMMITTEE**  
(AS OF JUNE 30, 2022)

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Vice-chair

**Chris Cowen**  
UF Chief Financial Officer

**Barbie Tilman**  
UF Alumni Association  
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**Lara Long**  
**Jocelyn Moore**  
**Steve Nouss**  
**Ann O'Brien**

**PRINCIPAL FINANCE AND ACCOUNTING OFFICIALS**  
(AS OF JUNE 30, 2022)

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Associate Vice President & Chief Operating Officer

**Mike Johnson**  
Controller

**J.A. Lopez**  
Associate Controller

**Iwona Esser**  
Accountant, General Accounting

**Arriel Raghoo**  
Assistant Controller

**Randy Settle**  
Assistant Controller

**James House**  
Accountant, Financial Reporting

**Ken Verner**  
Accountant, Asset Management



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