



AGENDA

**THE UNIVERSITY OF WEST FLORIDA
BOARD OF TRUSTEES**

**Audit & Compliance Committee Virtual Meeting via Zoom Webinar
February 17, 2022**

**University of West Florida
11000 University Pkwy. Pensacola, FL
Crosby Hall, Bldg. 10, Rm 224**

*To join this virtual public board meeting, please follow these Zoom Webinar instructions:
<https://uwf.zoom.us/j/81913112222?pwd=c0Y1cm90TGkzSGxYSzFUK25ocG5jdz09> Passcode: 310106*

Call to Order/Roll Call. Bob Jones, Chair

Chair's Greeting Bob Jones

Action Items:

1. Acceptance of UWF Internal Audit Reports Issued: Federal Stimulus Funding Compliance #21-22 001; Performance Based Funding Data Integrity 2021 #21-22 003
2. Acceptance of Internal Auditing PCard Audit Reports & Quarter 2 Update (October - December 2021)
3. Acceptance of External Audit: Financial Statements of Direct Support Organization UWF Foundation, Inc.
4. Acceptance of External Audit: Intercollegiate Athletics Financial Statement Audit for Fiscal Year Ending June 30, 2021
5. Acceptance of External Audit: Financial Statement Audit of Florida Institute for Human and Machine Cognition (IHMC) for Fiscal Year Ending June 30, 2021
6. Acceptance of Quality Assurance Review of Internal Auditing and Management Consulting

Information Items:

1. Internal Auditing & Management Consulting Update on Activities
2. Office of Compliance & Ethics Update on Activities

Other Committee Business

Adjournment

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: UWF Internal Auditing Reports Issued

Proposed action: Acceptance

Background information:

Internal Auditing & Management Consulting completed two audits between November 1, 2021 and February 1, 2022: 1) Federal Stimulus Funding Compliance and 2) Performance Based Funding Data Integrity 2021.

Federal Stimulus Funding Compliance #21-22_001

Our audit period was December 1, 2020 through July 31, 2021. The audit was part of the approved work plan for 2021/22. We issued the audit report on November 30, 2021. The audit's objectives were to:

- Review the adequacy and effectiveness of internal controls designed to ensure compliance with Federal and University requirements, and
- Determine whether the University has complied with the requirements attached to Federal stimulus funding awarded, received, or expended from December 1, 2020 through July 31, 2021.

Results:

We found that internal controls over the activities audited were generally strong. We noted two opportunities for improvement. We recommended that:

- The Office of Financial Aid establish procedures to ensure that award, application, and disbursement information is publicized on the UWF website in accordance with Federal Register requirements; and that the Division of Finance & Administration monitor the website to ensure that any institutional aid provided to students is properly reported. Management agreed to have this recommendation implemented by November 3, 2021. We have confirmed that this has been implemented.
- The Controller and WUWF Executive Director consult with Synovus Bank and the SBA to determine the proper action to take as a result of \$12,721.62 over-collected in error as part of a Small Business Administration Paycheck Protection Program loan. Management agreed to have this recommendation implemented by December 31. We have confirmed that the over-payment has been deposited back in Synovus Bank.

Performance Based Funding Data Integrity 2021 #21-22_003

Our audit period was “as of September 30, 2021.” This audit was included as part of our 2021/22 audit work plan, conducted in accordance with a Board of Governors directive to State universities. We issued the audit report on February 1, 2022. The audit’s objectives were to:

- Evaluate internal controls designed to ensure the accuracy, completeness, and timeliness of data submissions to the Board of Governors, and
- Provide an objective basis of support for the President and Chair of the Board of Trustees to sign the representations included in the *Performance Based Funding – Data Integrity Certification*, to be filed with the Board of Governors by March 1, 2022.

Results:

We found that internal controls over the processes used to collect and submit data to the Board of Governors were generally strong. We recommended that:

- The Institutional Research Director review all written procedures related to metrics data collection, review, and submission, to ensure that these procedures are accurate, thorough, and in appropriate detail. Management agreed to implement this recommendation by April 1, 2022.
- Institutional Research notify the Registrar of corrections to High Impact Practice Attributes assigned to Course Sections and report a corrected count to the BOG for Metric 10. Management agreed to implement this by March 1, 2022.

Recommendation: Acceptance of the Internal Auditing reports.

Implementation: None.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting documents

21-22_001 Federal Stimulus Funding Compliance audit report

21-22_003 Performance Based Funding Data Integrity 2021 audit report

Prepared by: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 474-2638

Presenter: Cindy Talbert



SCOPE AND OBJECTIVES

We audited Federal Stimulus Funding Compliance for the period of December 1, 2020 through July 31, 2021. This audit was included as part of our 2021/22 audit work plan, determined by our annual risk assessment. Our objectives were to:

- Review the adequacy and effectiveness of internal controls designed to ensure compliance with Federal and University requirements, and
- Determine whether the University has complied with the requirements attached to Federal stimulus funding awarded, received, or expended from December 1, 2020 through July 31, 2021.

Audit fieldwork began on August 27, 2021, and ended on October 26, 2021. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

The Coronavirus Aid, Relief, and Economic Security Act (CARES) was passed by Congress in March 2020, allotting aid to those negatively impacted by the COVID-19 pandemic. Approximately \$14 billion was given to the U.S. Department of Education (USDOE) Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF. A second phase of HEERF was signed into law on December 27, 2020, providing additional funding as the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). Finally, a third phase of HEERF was signed into law on March 11, 2021 as the American Rescue Plan (ARP).

General awards received by UWF are categorized as follows:

- Student Aid: The CARES Act allowed for emergency aid to students for their expenses related to the disruption of campus operations due to coronavirus, such as food, housing, course materials, technology, health care, and child care expenses. CRRSAA and ARP funding removed the “disruption of campus operations” phrase from the criteria.
- Institutional Aid: To cover any institution costs associated with significant changes to the delivery of instruction due to the coronavirus, with specific types of costs excluded. Funds may be used to reimburse the University for costs related to refunds made to students for housing, food, or other services that the University could no longer provide, or for hardware, software, or internet connectivity that were purchased on behalf of students or provided to students. May also be used to provide additional emergency funding to students for expenses related to the disruption of campus operations due to coronavirus.
- Strengthening Institutional Programs: To be used to defray expenses incurred, including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll. May also be used for grants to students for any component of the student’s cost of attendance, including food, housing, course materials, technology, health care and child care.

HEERF awards were received for these three classifications, from all three phases of HEERF, namely, CARES, CRRSAA, and ARP.



Internal Auditing & Management Consulting
Audit: Federal Stimulus Funding Compliance
Report # UWF21-22_001
Date: November 30, 2021

UWF has varying dates up to which this general funding can be spent. Amounts awarded to date to UWF and disbursed include:

	Award End Date	Amount Awarded	Disbursed as of 6/30/21
Stud. Aid:			
CARES	1/16/22	\$3,400,694	\$3,400,694
CRRSAA	1/16/22	\$3,400,694	\$3,400,694
ARP	1/16/22	\$11,269,751	0
Total		\$18,071,139	\$6,801,388
Inst. Aid:			
CARES	5/23/22	\$3,400,694	\$3,400,694
CRRSAA	5/23/22	\$8,969,272	\$2,058,178
ARP	5/23/22	\$10,536,732	0
Total		\$22,906,698	\$5,458,872
SIP Aid:			
CARES	5/4/22	\$337,172	\$337,172
CRRSAA	5/4/22	\$517,810	0
ARP	5/4/22	\$953,818	0
Total		\$1,808,800	\$337,172
All Aid		\$42,786,637	\$12,597,432

Note: Significant additional funds have been disbursed between July 1, 2021 and the audit report date.

The Division of Finance & Administration established a budgeting process to ensure that the needs of all University areas were taken into consideration when allocating available funding. This process included an ongoing master list of projects, with frequent review by the Executive Cabinet and approval by the President, shifting priorities as needed. The Division also collaborated with the Office of Financial Aid on student needs, and provided institutional funding to supplement student aid provided through the CARES Act and CRRSAA.

The Office of Financial Aid was primarily responsible for identifying student financial needs and developing appropriate criteria for distribution of funding. The initial phase of student applications for the grants, although logical and well-documented, was not very practical; therefore, these practices were modified and more efficient methodologies were implemented for subsequent distributions and to clearly demonstrate that students with exceptional need were given priority, which was a new requirement beginning with the CRRSAA award.

The grant terms required specific reporting processes for institutional aid and for student aid. Institutional aid is reported using a Quarterly Budget and Expenditure form, submitted electronically to a USDOE website. Specific financial and statistical institutional data is also required to be publicized via a University website. Similar information must be publicized for student aid on a University website, with certain deadlines established.

Other federal stimulus funds provided by grants and loans to specific areas within UWF are as follows:

- Florida Small Business Development Center: Received a grant of \$10,708,984 in April 2021 from the Small Business Administration (SBA) and distributed among the central office and eight of the statewide Centers, including the UWF Small Business Development Center (SBDC), to support their operations.
- UWF Small Business Development Center: Received a sub-award of \$607,800 in April 2021 from the Florida Small Business Development Center grant from the SBA.

The SBDC signed a “CARES Act Funding Program Agreement” with Escambia County for



the Small Business Grant Assistance Program in October 2020, ultimately receiving \$93,312. The SBDC created procedures, and reviewed and processed applications for grant applicants. The SBDC also negotiated a contract with Santa Rosa County in October 2020 to coordinate the federal stimulus application process for small businesses, ultimately receiving \$128,800.

- **WUWF Public Media:** Received two Corporation for Public Broadcasting Stabilization grants. A grant for \$75,000 in April 2020 was to be used to “preserve the ability of small and rural media stations to continue to provide essential information...” and another grant for \$160,536 in April 2021 was to be used to maintain programming and services.

WUWF was also eligible for a Paycheck Protection Program loan from SBA CARES funding. An agreement was negotiated between UWF and Synovus Bank for a \$233,497 loan (from SBA CARES funding) in March 2021, expected to be forgiven if specific criteria were met.

Notable Strength

The Division of Finance and Administration has created excellent internal controls over expenditures that are under consideration from HEERF. This includes formalization of policies and procedures in writing; an effective budgeting and approval process; thorough vetting of potential expenditures for compliance with federal restrictions; and frequent internal reporting of funds available for future distribution.

AUDIT METHODOLOGY

We reviewed written policies and procedures and website information, grant, contract, and loan

documentation, financial transactions, and USDOE guidance. Key personnel in each area were interviewed in order to gain an understanding of activities and to identify the internal controls needed. Internal controls were assessed and appropriate audit testing designed based on these risks. We performed tests of a) expenditures reported, b) compliance with federal requirements, c) student aid disbursed, and d) contractual agreements.

KEY OBSERVATIONS

We found that internal controls over all processes were generally strong; however, we make the following observations:

1. The Federal Register, Vol. 86, No. 91, has set forth seven items of HEERF student aid information that are to be publicized on the University website, including:
 - An acknowledgement that the funds were used for student aid;
 - The total amount that the institution has received or will receive;
 - The total amount disbursed to students;
 - The estimated number of students at the institution that are eligible to receive aid;
 - The number of students who have received aid;
 - The method(s) used to determine which students received aid; and
 - Any instruction, directions, or guidance provided by the institution concerning the aid.

We examined the UWF website devoted to HEERF student aid during the course of the audit work and found that although extensive information about ARP had been added to the



website, the award of \$11,269,751 from May 2021 had not been added. Furthermore, a description of each student application and award process was required to be detailed on the website no later than 10 days after the end of the calendar quarter; however, we were unable to locate any information about the application process established for CRRSAA funds. Awards from CARES funds were made to targeted student populations that were also not described on the website. Lastly, we noted that a chart of CRRSAA award levels on the website, based on student level, credit hours taken, and Estimated Family Contribution, had not been updated when a different range for Estimated Family Contribution was used to make more funds available to students with need.

Reporting responsibilities have been assigned to the Office of Financial Aid. According to managers of this area, considerable efforts were invested to bring the CARES and CRRSAA websites into compliance; however, confusing federal guidance for reporting the various types of aid contributed to selected items of information being overlooked.

2. The SBA Paycheck Protection Program established a formula for potential borrowers to complete using historical payroll information,

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CPA, CRMA
Associate Vice President/Chief Audit Executive

that established the loan amount for which they were eligible. The Controller's Office and the WUWF Executive Director collaborated on this computation. In reviewing the accuracy of the computation, we noted that employer FICA costs were incorrectly included. The loan proceeds were \$233,497.87 but would have been \$220,776.25 if the FICA costs had been excluded, reflecting an over-collection of \$12,721.62.

Recommended Management Actions

1. We recommend that the Office of Financial Aid establish procedures to ensure that award, application, and disbursement information is publicized on the UWF website in accordance with Federal Register requirements. We also recommend that the Division of Finance & Administration monitor the website to ensure that any institutional aid provided to students is properly reported.
2. We recommend that the Controller and WUWF Executive Director consult with Synovus Bank and the SBA to determine the proper action to take as a result of the \$12,721.62 collected in error.



Internal Auditing & Management Consulting
Audit: Federal Stimulus Funding Compliance
Report # UWF21-22_001
Date: November 30, 2021

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Bob Jones, Chair Audit & Compliance Committee
Dick Baker, Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Dr. George Ellenberg, Provost and Sr. Vice President
Howard Reddy, Vice President, Advancement
Betsy Bowers, Vice President, Division of Finance and Administration
Jeffrey Djerlek, Controller
Matthew Schwartz, Associate Vice President, RAE
Shelly Blake, Associate Vice President, Academic Affairs
Greg Britton, CEO, FSBDC
Kelly Massey, Director, UWF SBDC
Patrick Crawford, Executive Director, WUWF
Rachel Conway, Interim Director, Financial Aid
Matt Packard, Chief Compliance Office, Compliance & Ethics
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Rebecca Luntsford, BOT Liaison



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: We agree with the recommendation. The recently appointed Interim Director of Financial Aid will take primary responsibility for reporting going forward. To help provide assurance that the web-site is updated to account for student financial aid from institutional HEERF funds we have established bi-weekly standing meetings between staff in the Office of Financial Aid and Finance and Administration. At these meetings, the web-sites and quarterly reporting requirements are reviewed. This action will also help ensure that the latest guidelines are also reviewed.

Responsible Parties: Associate Vice President Budget and Finance (Academic Affairs) Shelly Blake,
Interim Director of Financial Aid Rachel Conway

Targeted Implementation Date: November 3, 2021

Recommendation #2

Management Response: The Controller's Office communicated with Synovus Bank and the Small Business Administration about repayment of the \$12, 721. The bank drafted the funds from the University's bank account on November 17, 2021 and the Controller's Office is working with WUWF to complete the entries in the ledgers before the books close for the calendar year. The remainder of the loan has been forgiven.

Responsible Party: Associate Vice President of Finance & Controller Jeffrey A. Djerlek

Targeted Implementation Date: December 31, 2021



SCOPE AND OBJECTIVES

We audited Performance Based Funding Data Integrity as of September 30, 2021. This audit was included as part of our 2021/22 audit work plan, conducted in accordance with a Board of Governors (BOG) directive to State universities. Our specific objectives were to:

- Evaluate internal controls designed to ensure the accuracy, completeness, and timeliness of data submissions to the Board of Governors, and
- Provide an objective basis of support for the President and Chair of the Board of Trustees to sign the representations included in the *Performance Based Funding – Data Integrity Certification*, to be filed with the Board of Governors by March 1, 2022.

Audit fieldwork began on September 14, 2021, and ended on January 25, 2022. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

The BOG has broad governance responsibilities affecting administrative and budgetary matters for Florida’s 12 public universities. Beginning in fiscal year 2013-14, they instituted a performance funding program that is based on 10 metrics. Currently, the metrics common to all institutions are:

1. *Percent of Bachelor’s Graduates Employed (Earning \$25,000+) or Continuing their Education;*

2. *Median Wages of Bachelor’s Graduates Employed Full-time;*
3. *Average Cost to the Student (Net Tuition and Fees per 120 Credit Hours for Resident Undergraduates);*
4. *Four Year Graduation Rate (Full-time FTIC);*
5. *Academic Progress Rate (Second Fall Retention Rate with at Least a 2.0 GPA for Full-time FTIC students);*
6. *Bachelor’s Degrees Awarded within Programs of Strategic Emphasis;*
7. *University Access Rate (Percent of Undergraduates with a Pell Grant);*
8. *Graduate Degrees Awarded within Programs of Strategic Emphasis;*
- 9a. *Two-Year Graduation Rate for Florida College System Associate in Arts Transfer Students; and*
- 9b. *Six-Year Graduation Rate for Students Who are Awarded a Pell Grant in Their First Year.*

Metrics 9a and 9b were implemented for the first time in the current year.

Each university is offered a “Board of Trustees Choice Metric,” enabling the institution to select a metric based on their unique strengths. Since 2019/20, the University has elected to use as Metric 10 “Percent of Baccalaureate Graduates Completing 2+ High Impact Practices.”



Much of the information that is used by the BOG in their calculations of Metrics 1 through 9 is through 6 data files that are submitted periodically by the universities. This includes the:

- Admissions File;
- Degrees Awarded File;
- Hours to Degree File;
- Retention File;
- Student Financial Aid File; and
- Student Instruction File.

Data that is ultimately submitted to the BOG through these electronic submissions is initially entered through the Admissions, Graduate Admissions, Registrar, Financial Aid, and Controller's departments into the Banner Student system. The Office of Institutional Research (IR) has been delegated responsibility for compiling the data into tables according to BOG specifications, conducting a quality review of the data prior to submission to the BOG, and timely submission of the files.

Metric 10 data is compiled in a distinctly different manner. It is based on the following formula:

numerator = the number of students in the cohort who engaged in 2 or more High Impact Practice Types during their enrollment at UWF

denominator = the number students earning undergraduate degrees in a summer, fall, and spring semester ("the cohort")

UWF has accepted the classification of High Impact Practices established by the Association of American Colleges and Universities, as follow:

1. First-Year Seminars and Experiences;
2. Common Intellectual Experiences;
3. Learning Communities;
4. Writing-Intensive Courses;
5. Collaborative Assignments and Projects;
6. Undergraduate Research;
7. Diversity/Global Learning;
8. ePortfolios;
9. Service Learning, Community-Based Learning;
10. Internships; and
11. Capstone Courses and Projects.

Courses that could be identified as classifications 5 and 8 have not yet been vetted for use at UWF.

It was decided that IR would include all academic courses completed beginning with Fall 2014, in Metric 10. University Housing & Residence Life and the Office of Undergraduate Research provide student information to IR for inclusion in the count, however, their data collection did not begin until around 2015. It should be noted that we only include a count for 1 High Impact Practice Type, e.g., a student engaged in 3 Internships would only yield a count of 1 in the Metrics 10 computation.

In accordance with BOG Regulation 3.007 "State University System (SUS) Management Information Systems," the President has formally appointed an Institutional Data Administrator, who is the Director of IR. The Director has frequent contact with the BOG Office of Data and Analytics staff, strengthening his understanding of their complex requirements for the data in the files.

Audits similar to this one were conducted annually from 2014 to 2020.



AUDIT METHODOLOGY

We interviewed key personnel involved in the processes that end with submission of data to the BOG that are used in the computations of the metrics. We examined written policies and procedures and other related documents. We evaluated internal controls that were in place and used the results to design audit tests. Risk levels within each related activity were assessed and audit testing focused on the higher risk activities.

Audit testing was conducted on data submitted to the BOG in order to evaluate accuracy and completeness. We used data based on academic years or semesters, according to the time periods identified as part of the UWF Accountability Plan for 2020/21; if this information was not yet available, data in the last file submitted was used for testing purposes.

We conducted audit testing focused on Metrics 9a, 9b, and 10.

NOTABLE STRENGTH

We noted during our review that of the eight functional users and directors interviewed, all seemed very knowledgeable of the processes required to be in place to ensure data accuracy and completeness. This is despite the fact that the Registrar and Director of Financial Aid positions are currently held by interim appointees; however, these interim appointees have a long history in their departments, bringing a wealth of experience.

OBSERVATIONS

We found that internal controls over the processes used to collect and submit data to the BOG were generally strong. Data underlying the computations of Metrics 9a and 9b were tested and were determined to be highly accurate. As a result of our

review of data underlying Metric 10 and written procedures, we make the following observations:

1. The formalization of procedures in writing serves several important purposes. It is useful for training purposes, documents instructions that have been given to staff, and provides for continuity in the event of staff turnover. The IR Director is very knowledgeable about how data is compiled, vetted for accuracy, and submitted to the BOG through the data file submission process. The Director has expressed his intention to retire in the not too distant future. We asked him whether written procedures related to these processes have been kept current and he stated that they have not. Although the IR Associate Director is also quite knowledgeable of the procedures, it seems prudent to ensure that at such a critical transition time for IR, the department take steps to ensure that thorough and accurate written procedures exist. Of particular importance are the development of thorough written procedures for the methodology and reporting of data used in Metric 10 "High Impact Practices." It should be noted that some revisions were made to the Metric 10 written methodology during the course of the audit work.
2. We conducted a test of the accuracy of data included in the count of High Impact Practices used in Metric 10. The total count of High Impact Practices submitted to the BOG was 1,035, resulting in a percentage of 43% (1035/2408).

The definition of this year's metric required the count to include only undergraduate students



who graduated in Summer 2019, Fall 2019, or Spring 2020, with two or more High Impact Practice Types during their experience at UWF.

In the first part of our audit test, we obtained the cohort from IR, which included all undergraduate students who earned degrees in Summer 2019, Fall 2019, and Spring 2020. This information came from an IR database, separate from Banner Production, i.e., subsequent changes could be made to Banner Production that would not affect the counts as originally computed by IR. The cohort of 2,408 was found to be accurate based on data we compiled whose source was Banner Production.

We also tested the list of the students included in the count of two or more High Impact Practices, and the High Impact Practices included for each student (which ranged from 2 to 6).

The following discrepancies were noted between student data provided by IR and data that we independently developed:

- There were 18 students in our data that included a High Impact Practice for Capstone Courses and Projects (Attribute Code “HICP”) and Writing Intensive Courses (Attribute Code “HIWR”), and we also had higher *counts* for these students than IR by 12. These discrepancies were due to the High Impact Practice Attributes HICP and HIWR that had

not been assigned to Course Sections at the time IR reported the counts to the BOG, but were later added. These were not *errors* in the data reported to BOG for 2019/20; however, if these additional counts are reported the results will be more comparable and consistent with subsequent years.

- There were 5 discrepancies in students or High Impact Practice counts that seemed to be related to simple human error.
- There was 1 discrepancy due to a course that was part of a Graduate program that was erroneously included in the count.

If the timing differences and errors noted above had been evident at the time that IR reported to BOG for 2019/20, the results would have been 1065 and 44% (1065/2408).

Recommended Management Actions

1. We recommend that the IR Director review all written procedures related to metrics data collection, review, and submission, to ensure that these procedures are accurate, thorough, and in appropriate detail.
2. We recommend that IR notify the Registrar of corrections to High Impact Practice Attributes assigned to Course Sections and report a corrected count to the BOG for Metric 10.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

Cynthia Talbert, CFE, CIA, CPA, CRMA
Associate Vice President/Chief Audit Executive



REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Bob Jones, Chair Audit & Compliance Committee
Dick Baker, Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Dr. George Ellenberg, Provost/Sr. Vice President
Dr. Greg Tomso, Interim Vice President of Academic Engagement & Student Affairs
Betsy Bowers, Vice President
Dr. Michelle Williams, Interim Vice Provost
Keith King, Institutional Research Director
Lauren Loeffler, Executive Director Career Development and Community Engagement
Jeffrey Djerlek, Associate Vice President/Controller
Shelly Blake, Associate Vice President, Academic Affairs
Adam Burgess, Interim Registrar
Rachel Conway, Interim Financial Aid Director
Katie Condon, Admissions Director
Dr. Kuiyuan Li, Graduate School Dean
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Rebecca Luntsford, BOT Liaison



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response:

Internal procedures are being updated to document and identify processes used by Institutional Research in obtaining, verifying, and reporting data related to Performance-Based Funding Metrics.

Responsible Party:

Keith King, Director of Institutional Research

Targeted Implementation Date: April 1, 2022

Recommendation #2

Management Response:

Institutional Research will work with the Registrar's Office to update the small number of course sections identified as having discrepancies. The appropriate High Impact Practice attributes will be applied to those sections. Institutional Research will then communicate the re-stated numbers to BOG staff for inclusion in future calculations consistent with current practices for all metrics as part of the accountability plan validation process between UWF and BOG. Prior year values for all metrics are routinely re-stated when data available in the university systems are updated.

Responsible Party:

Christophe Lizen, Associate Director of Institutional Research
Adam Burgess, Interim Registrar

Targeted Implementation Date: March 1, 2022

UWF Board of Trustees Meeting
Audit & Compliance Committee
 February 17, 2022

Issue: Internal Auditing PCard Audit Reports
 Quarter 2 Update (October – December 2021)

Proposed action: Acceptance

Purpose

To provide UWF Senior leadership an overview of audit results for the PCard reviews completed during the quarter. Our main objective is to report the status of PCard audits and any issues or findings requiring action.

Background

Internal Auditing & Management Consulting has been charged with auditing PCard holder and approver activity as well as departmental activities and internal controls. The objectives of these audits were to determine if departments complied with UWF PCard policies and procedures, as well as to evaluate the level of understanding of PCard policies among PCard holders and approvers. UWF presently has approximately 322 PCard holders distributed across 109 departments.

Notable Strengths

The Concur system provided a digital audit trail of the transactions, including who accessed the records. The required business purpose was documented for each transaction reviewed. Supporting receipts were available for each transaction.

Notable Weakness

All cardholder transactions were properly approved in the Concur system, however, there was no evidence that each individual receipt was reviewed during the approval process by the designated PCard approver for some of the transactions tested. Review of the receipts provides additional validation that the transaction is appropriate.

Results - Quarter 2 (October – December 2021)

Three departments encompassing 14 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. The totals below show the volume of activity occurring for these departments and the amount tested. All reports are available from Internal Auditing.

Number of Departments Reviewed	Number of Cardholders	Number of Transactions Occurring	Number of Transactions Tested	Total PCard Expenditures of Depts.	Total PCard Transaction \$ Tested
3	14	881	161 (18%)	\$969,153	\$560,055 (58%)

Audit Opinion for the PCard Audits:				
EXCELLENT	GOOD	FAIR	POOR	Total
1	2	0	0	3

Departments Audited:	
Biology	Information Technology Services
SBDC State Director's Office	

Recommendation: Acceptance of the Internal Auditing PCard Reports for the 2nd Quarter FY 2021-2022.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Elizabeth Mrachek, Internal Auditor, emrachek@uwf.edu, 850-474-2636

Presenter: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 850-474-2637

Given the nature of the risks involved in the achievement of the unit's objectives, controls reviewed were adequate. The department should continue to ensure compliance with applicable PCard regulations, policies, procedures, and good business practices.

**AUDIT OPINION:
GOOD**

Audit Objective and Scope

To determine whether the Department is conducting its PCard financial and business processes under an adequate system of internal control, as required by University policy and guidelines and good business practice.

We reviewed the key internal controls over PCard financial and operational activities in accordance with UWF policies and procedures including:

- Safeguarding of PCard account information;
- Properly documented transactions, including purchase receipt and business purpose;
- Independent approval of PCard transactions; and
- Timeliness of PCard expense reports

Procedures and Statistics

We reviewed a judgmental sample of transactions for the period January 1, 2021 through June 30, 2021 and we interviewed selected Cardholders and Approvers regarding PCard procedures in the Department.

AUDIT POPULATION	AUDIT SAMPLE
6 cardholders, 216 transactions, totaling \$201,176.	20% of Audit Population (43 transactions and \$143,906 ~72% of total dollars spent), including 24 transactions over \$999.

Internal Control Strengths and Weaknesses

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Electronic receipts and business purpose required for each transaction processed in Concur. • Staff was knowledgeable of the PCard program. 	

Finding

Each transaction selected for testing had the required receipt attached to the Concur application as supporting documentation; however, we were not able to confirm through Concur that each individual receipt was reviewed during the approval process by the designated PCard approver.

Recommendation for Corrective Action

To ensure strong controls over PCard transactions and the approval process, each PCard transaction receipt should be reviewed prior to approving the transaction.

Use of Report

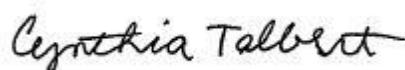
Internal Auditing & Management Consulting (IAMC) is a department of the University of West Florida. This report is intended solely for the internal use of the University and the UWF Board of Trustees. It is not intended to be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

AUDITEE MANAGEMENT TEAM

Greg Britton, CEO
Sharon Ward, Interim Director of Finance

INTERNAL AUDITING TEAM

Elizabeth Mrachek, CPA



Cynthia Talbert, CFE, CIA, CPA, CRMA
Chief Audit Executive (ctalbert@uwf.edu)

Given the nature of the risks involved in the achievement of the unit's objectives, controls reviewed were adequate. The department should continue to ensure compliance with applicable PCard regulations, policies, procedures, and good business practices.

**AUDIT OPINION:
EXCELLENT**

Audit Objective and Scope

To determine whether the Department is conducting its PCard financial and business processes under an adequate system of internal control, as required by University policy and guidelines and good business practice.

We reviewed the key internal controls over PCard financial and operational activities in accordance with UWF policies and procedures including:

- Safeguarding of PCard account information;
- Properly documented transactions, including purchase receipt and business purpose;
- Independent approval of PCard transactions; and
- Timeliness of PCard expense reports.

Procedures and Statistics

We reviewed a judgmental sample of transactions for the period January 1, 2021 through June 30, 2021, and we interviewed selected Cardholders and Approvers regarding PCard procedures in the Department.

AUDIT POPULATION	AUDIT SAMPLE
3 cardholders, 205 transactions, totaling \$535,076	20% of Audit Population (40 transactions and \$305,578 ~57% of total dollars spent), including 26 transactions over \$999.

Internal Control Strengths and Weaknesses

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Electronic receipts and business purpose required for each transaction processed in Concur. • Staff was knowledgeable of the PCard program. 	

Finding

None

Use of Report

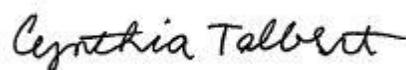
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AUDITEE MANAGEMENT TEAM

Melanie Haveard, Executive Director
Cherie Judd, Business Manager

INTERNAL AUDITING TEAM

Elizabeth Mrachek, CPA



Cynthia Talbert, CFE, CIA, CPA, CRMA
Chief Audit Executive (ctalbert@uwf.edu)

Given the nature of the risks involved in the achievement of the unit's objectives, controls reviewed were adequate. The department should continue to ensure compliance with applicable PCard regulations, policies, procedures, and good business practices.

**AUDIT OPINION:
GOOD**

Audit Objective and Scope

To determine whether the Department is conducting its PCard financial and business processes under an adequate system of internal control, as required by University policy and guidelines and good business practice.

We reviewed the key internal controls over PCard financial and operational activities in accordance with UWF policies and procedures including:

- Safeguarding of PCard account information;
- Properly documented transactions, including purchase receipt and business purpose;
- Independent approval of PCard transactions; and
- Timeliness of PCard expense reports

Procedures and Statistics

We reviewed a judgmental sample of transactions for the period January 1, 2021 through June 30, 2021 and we interviewed selected Cardholders and Approvers regarding PCard procedures in the Department.

AUDIT POPULATION	AUDIT SAMPLE
5 cardholders, 460 transactions, totaling \$232,900.94	17% of Audit Population (78 transactions and \$110,570.50 ~47% of total dollars spent), including 34 transactions over \$999.

Internal Control Strengths and Weaknesses

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Electronic receipts and business purpose required for each transaction processed in Concur. • Staff was knowledgeable of the PCard program. 	

Findings

1. Sales tax charges for 6 transactions totaling \$102.88 were noted during the review. No reimbursement requests for these charges were available as evidence that an attempt had been made to collect this back from the vendors.
2. All cardholder transactions were properly approved in the Concur system, however, there was no evidence that a detailed review was being performed of the supporting receipts for one cardholder's PCard charges. Review of the receipts provides additional validation that the transaction is appropriate.

Recommendations for Corrective Action

1. Payment of sales tax should be avoided; in cases where sales tax is paid in error, every effort should be made to recover these charges. Documentation of this request should be maintained with the PCard records in Concur.
2. The reviewer or reviewer's delegate should review the receipts and supporting documentation for each PCard transaction as part of the approval process.

Use of Report

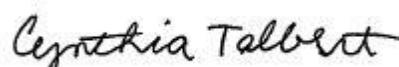
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AUDITEE MANAGEMENT TEAM

Dr. Peter Cavnar, Chairperson
Karen Gibbs, Administrative Specialist

INTERNAL AUDITING TEAM

Elizabeth Mrachek, CPA



Cynthia Talbert, CFE, CIA, CPA, CRMA
Chief Audit Executive (ctalbert@uwf.edu)

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: External Audit of Financial Statements of Direct Support Organization—
University of West Florida Foundation, Inc.

Proposed action: Acceptance

Background information:

Pursuant to Florida Statute 1004.28(5)¹, BOG Regulation BOG-9.011(5)², and UWF Regulation 5.016, organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida Board of Trustees. As required, the financial statements of the UWF Foundation, Inc. have been audited by independent certified public accountants for the fiscal year ending June 30, 2021.

A cursory review was performed by IAMC to evaluate compliance with the Florida Statute and BOG Regulation. It was determined that compliance appears to exist regarding the annual financial audit.

Results:

UWF Foundation received a clean unqualified opinion. The audit was performed in accordance with accounting principles generally accepted in the United States and in accordance with *Government Auditing Standards*. The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.

Financial Highlights:

- The fair value of investments as of June 30, 2021 was \$126,600,433 with total expendable return on investments for the year ended June 30, 2021 of \$27,359,047.
- Capital assets, net of accumulated depreciation was \$48,154,304 as of June 30, 2021.
- Bonds payable, net of unamortized premiums was \$38,155,434 as of June 30, 2021.

Recommendation: Acceptance

Implementation Plan: None

¹ 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

² 9.011(5) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review."

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

Supporting documents:

- Financial Statement Audit Report for the University of West Florida Foundation, Inc., for fiscal year ending June 30, 2021
- Audit Communication Letter for fiscal year ending June 30, 2021
- Management Representation Letter dated October 7, 2021

Prepared by: Internal Auditor Elizabeth Mrachek, emrachek@uwf.edu, (850) 474-2636

Presenter: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, (850) 474-2638

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
University of West Florida Foundation, Inc.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

Other 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 accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of State Financial Assistance is included in the compliance section, as required by Chapter 10.650, Rules of Auditor General, and for purposes of additional analysis is not a required part of the basic financial statements.

Board of Directors
University of West Florida Foundation, Inc.

The Schedules of Student Housing System Revenues and Expenses, Net Position (Excluding the Student Housing System), Functional Expenses, Receipts, Expenses, and Endowment Balances for the Chairs Under Eminent Scholars Program, Major Gifts Program and Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, 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.



Pensacola, Florida
October 7, 2021

**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**

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, 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 University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 7, 2021.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the 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.

Board of Directors
University of West Florida Foundation, Inc.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
October 7, 2021

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

This management’s discussion and analysis (“MD&A”) provides an overview of the financial position and activities of the University of West Florida Foundation, Inc (the “Foundation”) as of and for the years ended June 30, 2021 and 2020.

The Foundation is presented as a discrete component unit of the University of West Florida (the “University” or “UWF”). The Foundation’s mission is to exclusively support and enhance the University’s mission of teaching, research, and service as determined by the University of West Florida Board of Trustees (“BOT”).

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board (“GASB”).

It is noteworthy that in the year ended June 30, 2019, a transition from Financial Accounting Standards Board (“FASB”) standards was made to the GASB standards. This was driven by a change in Florida Statute 1004.28(3) which in part requires the approval of the Foundation’s board members by the BOT. 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 statements of net position; the statements of revenue, expenses and changes in net position; the statements of cash flows, and other required supplemental information.

The Statement of Net Position

The statements of net position reflect the assets, liabilities, and deferred inflows of resources of the Foundation and present the financial position of the Foundation at a specified time. Assets 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. 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. Net investment in capital assets includes net capital assets less outstanding bonds payable. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

The Statements of Net Position (Continued)

The following is a summary of the Foundation's statements of net position as of June 30, 2021 and the preceding years.

	2021	2020	2021-2020		2019	2020-2019	
			Dollar Change	Percentage Change		Dollar Change	Percentage Change
Assets:							
Current assets	\$ 18,901,054	\$ 8,690,974	\$ 10,210,080	117.5%	\$ 7,728,986	\$ 961,988	12.4%
Noncurrent assets	174,302,492	155,874,459	18,428,033	11.8%	158,145,918	(2,271,459)	-1.4%
Total Assets	\$ 193,203,546	\$ 164,565,433	\$ 28,638,113	17.4%	\$ 165,874,904	\$ (1,309,471)	-0.8%
Liabilities:							
Current liabilities	\$ 4,155,638	\$ 3,763,835	\$ 391,803	10.4%	\$ 3,357,778	\$ 406,057	12.1%
Noncurrent liabilities	38,491,441	41,181,419	(2,689,978)	-6.5%	44,353,273	(3,171,854)	-7.2%
Total liabilities	42,647,079	44,945,254	(2,298,175)	-5.1%	47,711,051	(2,765,797)	-5.8%
Deferred Inflows of Resources:							
Split-interest agreements	1,904,789	1,409,663	495,126	35.1%	904,831	504,832	55.8%
Net Position:							
Net investment in capital assets	9,998,870	9,281,608	717,262	7.7%	9,719,281	(437,673)	-4.5%
Unrestricted	3,663,551	1,826,071	1,837,480	100.6%	985,269	840,802	85.3%
Restricted -							
Expendable	68,588,137	43,589,586	24,998,551	57.3%	45,873,580	(2,283,994)	-5.0%
Nonexpendable	66,401,120	63,513,251	2,887,869	4.5%	60,680,892	2,832,359	4.7%
Total net position	148,651,678	118,210,516	30,441,162	25.8%	117,259,022	951,494	0.8%
Total Liabilities, Deferred Inflows and Net Position	\$ 193,203,546	\$ 164,565,433	\$ 28,638,113	17.4%	\$ 165,874,904	\$ (1,309,471)	-0.8%

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

The Statements of Net Position (Continued)

The Foundation's assets totaled \$193.2 million as of June 30, 2021. Current assets contribute \$18.9 million and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$174.3 million and consist primarily of investments expected to be held and net capital assets. This balance reflects an increase of \$28.6 million compared to June 30, 2020. The total increase in assets is primarily related to an increase in cash and cash equivalents, return on investments (current and noncurrent), and Housing receivables.

The Foundation's liabilities total \$42.7 million as of June 30, 2021. This is composed of \$4.2 million in current liabilities including accounts payable and accrued expenses along with current year debt service amounts. Total noncurrent liabilities are \$38.5 million which consists of long-term debt and other obligations extending out more than one year. The amount of total liabilities reflects a decrease of \$2.3 million related primarily to a paydown of bonds for student housing.

Deferred inflows of resources of \$1.9 million represent planned giving donations made under split interest agreements and will be available in future years, net of liabilities owed to other beneficiaries.

Net position totals \$148.7 million and is made up of \$8.6 million of net investment in capital assets and \$5.1 million in unrestricted net assets. It also includes \$68.6 million in restricted expendable net assets and \$66.4 million in restricted nonexpendable net assets. The total net position has increased by \$30.4 million compared to prior year. The primary contributor to this change was an increase of restricted expendable net assets by \$25 million.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

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

Change in net position is based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of this statement is to present the revenues earned and the expenses incurred by the Foundation. Revenue, expenses, and changes in net position of the Foundation for the years ended June 30, 2021 and 2020 are presented in the following table:

	2021	2020	2021-2020		2020-2019		
			Dollar	Percentage	Dollar	Percentage	
			Change	Change	Change	Change	
Operating revenues	\$ 42,683,596	\$ 15,242,479	\$ 27,441,117	180.0%	\$ 20,065,540	\$ (4,823,061)	-24.0%
Operating expenses	18,076,763	18,628,082	(551,319)	-3.0%	19,235,850	(607,768)	-3.2%
Operating income (loss)	24,606,833	(3,385,603)	27,992,436	-826.8%	829,690	(4,215,293)	-508.1%
Nonoperating revenues	3,027,795	1,491,625	1,536,170	100.0%	-	1,491,625	100.0%
Other changes in net position	2,806,534	2,845,472	(38,938)	-1.4%	1,165,507	1,679,965	144.1%
Change in net position	30,441,162	951,494	29,489,668	3099.3%	1,995,197	(1,043,703)	-52.3%
Net position, beginning of year	118,210,516	117,259,022	951,494	0.8%	115,263,825	1,995,197	1.7%
Net position, end of year	\$ 148,651,678	\$ 118,210,516	\$ 30,441,162	25.8%	\$ 117,259,022	\$ 951,494	0.8%

Operating revenues total \$42.7 million and are primarily composed of \$27.6 million of net unrealized and realized gain (loss) on investments, \$8.2 million related to the student housing system, and \$5.1 million of contributions.

Operating expenses total \$18.1 million and are primarily composed of \$9 million related to the student housing system, \$4.8 million of services to the University, \$1.6 million of scholarships to students, and \$2 million in general and administrative expenses.

Operating income is \$24.6 million, nonoperating revenues are \$3 million, and contributions to endowments are \$2.8 million for fiscal year 2021. As a result, net position increased by \$30.4 million.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

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

Overall, financial position and operations were favorable with investments showing strong returns by approximately \$29 million. Total expenses were down about \$441,000 at \$18.1 million and revenues (operating and nonoperating) increased by \$29 million. The economic outlook looks to be somewhat improved with exceptionally low interest rates and a positive annual gross domestic product ("GDP"). The 10-year treasury is yielding between 1%-1.5% and the expansion has been impacted by COVID-19 pandemic in the United States reflected in a GDP of about 6.5% in the second quarter of 2021.

The Statements of Cash Flows

The statement of cash flows is important to readers because it shows the Foundation's ability to generate cash required for its operations and payment of obligations in a timely fashion. It also provides information regarding decisions made by management as to the use of cash available.

The statement of cash flows shows the cash provided by and used in operating, investing, capital and related financing activities, and noncapital activities.

- Operating activities include funds received (i.e. private donors, student rents, interest and dividends) and payments (i.e. for programs, programmatic equipment, materials, and supplies) made for the Foundation and the University.
- Investing activities represent funds used to purchase investments, proceeds from sales of investments, and the funds held for West Florida Historic Trust.
- Capital and related financing activities include the purchase of property and equipment and the principal payments on the bonds, and insurance proceeds related to Housing.
- Noncapital and related financing activities include funds received for endowments and university support for Housing's lost revenue.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

Economics Factors That Will Affect the Future

The economic outlook of the Foundation is affected by several factors, including contributions, return on investments, continued COVID-19 pandemic uncertainty, and the State of Florida legislative changes. Annual contributions and endowments have a direct impact on enhancing University programs. With the exception of the COVID-19 uncertainty, the Foundation is not aware of currently known facts, decisions, or conditions that are expected to have a significant effect on the overall financial position or results of operations during the 2021 fiscal year.

Requests for Information

Questions concerning information provided in the MD&A or requests for additional information should be addressed to the University of West Florida Foundation, 1000 University Parkway, Building 12, Pensacola, FL 32514 or by calling (850) 474-3380.

BASIC FINANCIAL STATEMENTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 4,409,254	\$ 1,990,710
Contributions receivable, net	823,396	454,886
Other receivables, net	1,063,616	177,946
Due from University	3,055,079	353,218
Prepaid expenses	177,537	321,192
Investments	9,372,172	5,393,022
Total current assets	18,901,054	8,690,974
Noncurrent Assets:		
Restricted cash reserves	1,455,372	1,385,471
Contributions receivable, net	3,143,886	3,773,646
Investments	117,228,261	96,539,704
Capital assets, net	48,154,304	50,259,288
Assets held under split interest agreements	3,955,132	3,559,423
Other assets	365,537	356,927
Total noncurrent assets	174,302,492	155,874,459
Total Assets	\$ 193,203,546	\$ 164,565,433

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,277,051	\$ 983,762
Bonds payable, net	2,878,587	2,780,073
Total current liabilities	4,155,638	3,763,835
Noncurrent Liabilities:		
Liabilities under split-interest agreements	1,934,571	2,033,988
Due to West Florida Historic Trust	1,280,023	949,824
Bonds payable, net	35,276,847	38,197,607
Total noncurrent liabilities	38,491,441	41,181,419
Deferred Inflows of Resources:		
Split-interest agreements	1,904,789	1,409,663
Net Position:		
Net investment in capital assets	9,998,870	9,281,608
Unrestricted	3,663,551	1,826,071
Restricted -		
Expendable	68,588,137	43,589,586
Nonexpendable	66,401,120	63,513,251
Total net position	148,651,678	118,210,516
Total Liabilities, Deferred Inflows and Net Position	\$ 193,203,546	\$ 164,565,433

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Contributions	\$ 5,094,906	\$ 5,037,675
Interest and dividend income	965,056	1,501,450
Net unrealized and realized gain (loss) on investments	27,587,029	(437,898)
Student housing system	8,234,829	8,272,853
University support - non cash	722,752	770,611
Other operating revenues	79,024	97,788
Total operating revenues	<u>42,683,596</u>	<u>15,242,479</u>
Operating Expenses:		
Scholarships	1,649,038	1,508,017
Other program services	4,826,229	5,304,458
Student housing system	9,033,469	9,332,891
Fundraising services	593,146	541,361
General and administrative	1,974,881	1,941,355
Total operating expenses	<u>18,076,763</u>	<u>18,628,082</u>
Operating Income (Loss)	<u>24,606,833</u>	<u>(3,385,603)</u>
Nonoperating Revenues:		
University support	1,876,379	1,491,625
Insurance proceeds net of loss on disposal	1,151,416	-
Total nonoperating revenues	<u>3,027,795</u>	<u>1,491,625</u>
Net Income (Loss) Before Other Changes in Net Position	27,634,628	(1,893,978)
Other Changes in Net Position:		
Endowed contributions	<u>2,806,534</u>	<u>2,845,472</u>
Change in Net Position	30,441,162	951,494
Net Position, Beginning of Year	<u>118,210,516</u>	<u>117,259,022</u>
Net Position, End of Year	<u>\$ 148,651,678</u>	<u>\$ 118,210,516</u>

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Cash receipts from contributions	\$ 5,356,156	\$ 4,859,863
Interest and dividends received	965,056	1,501,450
Cash receipts from student housing system	8,234,829	8,272,853
Cash receipts from other operating revenues	363,600	189,406
Cash paid for operating expenses	(14,887,267)	(14,482,180)
Net cash provided by operating activities	32,374	341,392
Cash Flows From Investing Activities:		
Purchase of investment securities	(34,545,943)	(13,801,767)
Proceeds from sales of investment securities	37,465,265	13,534,891
Due to West Florida Historic Trust	330,199	(223,683)
Net cash provided by (used in) investing activities	3,249,521	(490,559)
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(1,509,346)	(14,001)
Bond principal payments	(2,822,246)	(2,722,543)
Insurance proceeds	731,608	-
Net cash used in capital and related financing activities	(3,599,984)	(2,736,544)
Cash Flows From Noncapital Financing Activities:		
Endowment contributions	2,806,534	2,845,472
University support	-	1,491,625
Net cash provided by noncapital financing activities	2,806,534	4,337,097
Net Increase in Cash	2,488,445	1,451,386
Cash, Beginning of Year	3,376,181	1,924,795
Cash, End of Year	\$ 5,864,626	\$ 3,376,181
Displayed As:		
Cash and cash equivalents	\$ 4,409,254	\$ 1,990,710
Noncurrent restricted cash reserves	1,455,372	1,385,471
	\$ 5,864,626	\$ 3,376,181

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020
(Continued)

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Operating income (loss)	\$ 24,606,833	\$ (3,385,603)
Adjustments to reconcile operating income (loss) to		
Net cash provided by operating activities -		
Net unrealized and realized (gain) loss on long-term investments	(27,587,029)	437,898
Bad debt expense (recovery)	(16,493)	29,506
Loss on disposal of assets	-	35
Change in fair value of -		
Contributions receivable	160,341	-
Cash surrender value of insurance policies	(8,610)	(9,450)
Depreciation	3,124,229	3,174,182
Change in operating assets and liabilities -		
Contributions receivable	82,190	(187,847)
Other receivables	59,451	38,216
Due from University	(825,482)	33,931
Prepaid expenses	143,655	(95,831)
Accounts payable and accrued expenses	293,289	306,355
Net cash provided by operating activities	\$ 32,374	\$ 341,392
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 1,454,809	\$ 1,558,544

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The University of West Florida Foundation, Inc. (the “Foundation”) was organized as a Florida not-for-profit corporation in 1965 for the purpose of soliciting, receiving, and administering gifts and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of the University of West Florida (the “University”) and its objectives. The Foundation is a direct-support organization of the University, as provided for in Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University.

The Foundation is considered a discrete component unit of the University due to the University’s governance and budgetary oversight responsibility and due to the Foundation’s significant operational and financial relationship with the University.

The Foundation owns the Student Housing System and is responsible for the management thereof, along with the associated revenues, expenses and debt related to the operation of these projects as further described in Note 11 to the financial statements.

Basis of Accounting:

The Foundation follows standards of accounting and financial reporting that are generally accepted in the United States of America for governmental business-type activities. The Foundation’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Fund Accounting:

To help 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 revenue bonds that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued):

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

Restricted - Restricted net position represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. Restricted funds include:

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

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

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

Operating and Nonoperating Activities:

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Operating revenues also include rental revenue from student housing facilities. Nonoperating revenues include certain revenue sources that provide additional funding not included in operating revenues and include University related support and endowment contributions.

Cash and Cash Equivalents:

The amount reported as cash and cash equivalents consists of cash on hand and cash in demand accounts.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued):

For the purpose of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Noncurrent cash and cash equivalents at June 30, 2021 and 2020, include cash that is restricted or is not expected to be used during the Foundation's next fiscal year.

Restricted Cash Reserves:

Restricted cash reserves represent funds held by bond trustees for construction of on-campus housing, debt service, and maintenance of reserves required under the bond indentures.

Investments:

The Foundation has created various pools for the investment of funds on a consolidated basis. All investments are reported at fair value. Investments with maturities less than 12 months and investments placed with the State Treasury Special Purpose Investment Account ("SPIA") are classified as current investments. These current investments were created to provide liquidity and be a source of funds to meet planned or anticipated expenses for current operations. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other internal designations by the Board of Directors and management as well as investments not expected to be used during the next fiscal year.

Investments placed with SPIA include accounts for Foundation operations, as well as accounts restricted for housing operations. SPIA has established a minimum balance for each account. Each SPIA participant is required to give six months' notice for all withdrawals below the floor, which is calculated as sixty percent of the previous three months' average daily balance.

Investment income includes interest, dividends, realized and unrealized gains or losses.

Contributions Receivable:

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, all non-endowed pledges that have met all eligibility requirements that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. An allowance for uncollectible contribution receivables is estimated and recorded based on management's judgment of the collectability in future years.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets:

Capital assets consists of office equipment, property held for lease, future use, or sale, and works of art. Purchased assets are recorded at cost, while donated assets are recorded at fair market value at the date of donation. Where a contributed asset has an uncertain fair market value due to deed restrictions, the Foundation records no value for the property. The Foundation has a capitalization threshold of \$20,000. Depreciation is allocated over the estimated useful lives of the respective assets on a straight-line basis as follows:

	Years
Property and improvements	7 - 45
Equipment and software	3 - 10

The Foundation capitalizes interest costs on borrowing incurred during the construction of qualifying assets. The capitalized interest is amortized over the life of the borrowing.

Split-Interest Agreements:

The Foundation serves as trustee for split-interest agreements classified as charitable gift annuities and charitable remainder unitrust. Assets received under charitable gift annuities and charitable remainder unitrust are recorded at fair market value and the liabilities to make future payments under these agreements are recorded at present value, with the difference reported as deferred inflows of resources. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under charitable gift annuities and charitable remainder unitrust are based on discount rates and mortality tables established by the Internal Revenue Code and Regulations. The Foundation is a charitable recipient of a charitable lead trust. Assets received under the charitable lead trust are recorded at fair market value, with changes recorded as deferred inflows of resources. The determination of the future values is discounted in the same manner as contribution receivables based on the prevailing five-year Treasury constant maturities.

Deferred Inflows of Resources:

The Foundation reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of the statement of net position. Deferred inflows of resources relate to split-interest agreements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Contributions of cash, investments securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and 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 the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to university direct support organizations by the University. As discussed in Note 6, the Foundation records the University's support as contributed services on the statement of revenues, expenses, and changes in net position.

Bond Discounts and Premiums:

Bond discounts and premiums are amortized over the terms of the bonds using the straight-line method since the difference between this method and the effective interest method is not material to the financial statements. Bond discounts and premiums are presented as an adjustment to the face amount of bonds payable.

Compensated Absences:

Employees of the Foundation are entitled to paid vacation and sick days depending on job classification, length of service and other factors. Upon termination of employment, an employee will be paid for accumulated annual leave. In addition, an employee with ten or more years of service may be paid for a portion of their accumulated sick leave.

At June 30, 2021 and 2020, accrued compensated absences totaling \$548,535 and \$416,531 were reported as a component of accrued expenses in the accompanying financial statements.

Other Program Services:

Other program services consist of expenditures to support the objectives of the University and/or its various colleges and departments.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

The Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain investment activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Retirement Plan and Other Post-Employment Healthcare Benefits:

As discussed in more detail in Note 10, Foundation employees may elect to participate in the Florida Retirement System consisting of a defined benefit plan; the Deferred Retirement Option Program, an alternative method for retirement payment; and the Public Employee Optional Retirement Program, a defined contribution plan. These plans have vesting and service requirements. Certain eligible faculty and administrators may also elect to participate in the Optional Retirement Program, a defined contribution plan which provides full and immediate vesting of contributions. Certain key University personnel participate in a money-purchase retirement savings plan with specific vesting schedules.

As required by Section 112.0804, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. The University allows retirees to participate in the plan at reduced or blended group rates. These rates may 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 who work for the Foundation are employees of the University, the liabilities for pensions and other post-employment benefits is reported by the University and not reflected on the Foundation's financial statements.

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications:

Certain accounts in the 2020 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2021 financial statements. SPIA funds presented as cash reserves and cash and cash equivalents in 2020 were reclassified to investments in 2021.

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2021 and 2020, unrestricted cash and cash equivalents consisting of bank demand accounts were as follows:

	2021	2020
Foundation cash on deposit	\$ 3,942,058	\$ 1,748,363
Housing cash on deposit	467,196	242,347
	\$ 4,409,254	\$ 1,990,710

At June 30, 2021 and 2020, restricted cash and cash equivalents were as follows:

	2021	2020
Pensacola Museum of Art	\$ 25,518	\$ -
Housing operating reserves	976,449	923,192
Housing replacement reserves	453,350	456,836
Housing bond service accounts	55	5,443
	\$ 1,455,372	\$ 1,385,471

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits:

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's deposits may not be returned to it. It is the Foundation's policy to monitor deposits on account to avoid deposits that are not covered by depository insurance or are uncollateralized. The Foundation's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At June 30, 2021 and 2020, the Foundation's uninsured cash balance at financial institutions totaled approximately \$697,000 and \$524,000, respectively.

Additional financial instruments that potentially subject the Foundation to custodial credit risk consist of cash deposits at brokerage firms. These accounts are not insured by the FDIC. At June 30, 2021 and 2020, the Foundation maintained cash and cash equivalent balances at these institutions totaling approximately \$5,026,000 and \$2,331,000, respectively.

Management monitors the soundness of the financial institutions and does not believe the Foundation is exposed to any significant credit risk on cash and cash equivalents.

Investments:

The Foundation has an investment policy which provides guidelines for the investments of Foundation assets. The purpose of these assets is to further the overall mission of the University. The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power of real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment policy provides information on authorized asset classes, target allocations and ranges of acceptable investment categories.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

Investments are carried at fair value and consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2021:			
Certificates of deposit	\$ 511,408	\$ 511,408	\$ -
Equity securities -			
Common stock and mutual funds	44,002,385	76,583,322	32,580,937
Debt securities	20,343,376	21,504,895	1,161,519
External investment pool -			
SPIA	6,466,210	6,362,752	(103,458)
Alternative investments -			
Fund of fund hedge funds	6,660,500	8,953,462	2,292,962
Private equity investments	7,978,966	8,371,283	392,317
Real estate investment trust	3,981,961	4,313,311	331,350
	<u>\$ 89,944,806</u>	<u>\$ 126,600,433</u>	<u>\$ 36,655,627</u>
June 30, 2020:			
Certificates of deposit	\$ 415,953	\$ 415,953	\$ -
Equity securities -			
Common stock and mutual funds	50,351,522	60,545,211	10,193,689
External investment pool -			
SPIA	7,677,940	7,677,940	-
Debt securities	16,701,208	17,139,174	437,966
Alternative investments -			
Fund of fund hedge funds	6,660,500	7,947,135	1,286,635
Private equity investments	5,354,012	5,528,091	174,079
Real estate investment trust	2,567,279	2,679,222	111,943
	<u>\$ 89,728,414</u>	<u>\$ 101,932,726</u>	<u>\$ 12,204,312</u>

Wells Fargo is the custodian for the Foundation's equity securities, debt securities and fund of fund hedge funds.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

As further discussed in Note 6, on July 1, 2016, the Foundation entered into a cash and securities agreement with the Pensacola Museum of Art (“PMA”) for the furtherance of the PMA mission. The Foundation acts as a manager of PMA’s certificates of deposit and mutual funds which are included in the Foundation’s investment balance. These investments are kept separate from the Foundation’s investment pool. Balances at June 30 were as follows:

	2021	2020
Certificates of deposit	\$ 511,408	\$ 415,953
Mutual funds	158,828	120,034
	\$ 670,236	\$ 535,987

At June 30, 2021 and 2020, housing maintained contingency and improvement reserves of \$3,305,675 and \$5,464,922, respectively.

At June 30, 2021, and 2020, the fair market value of all endowed investments was at a level above the minimum required by donor stipulations, totaling \$31,322,328 and \$8,833,193, respectively. There were no deficient individual donor-restricted endowment funds, where the fair value of the investments at June 30, 2021 and 2020, was less than the level required by the donor stipulations. See Note 9 for further discussion of endowments.

The net return on investments was as follows:

	Total Unrestricted	Total Expendable
Year Ended June 30, 2021 -		
Dividends and interest	\$ 2,376	\$ 962,680
Net realized gain on investments	8,319	3,401,358
Unrealized gain on investments	1,182,343	22,995,009
Total return on investments	\$ 1,193,038	\$ 27,359,047
Year Ended June 30, 2020 -		
Dividends and interest	\$ 3,677	\$ 1,497,773
Net realized gain on investments	8,547	3,489,631
Unrealized gain (loss) on investments	1,115,654	(5,051,730)
Total return on investments	\$ 1,127,878	\$ (64,326)

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments:

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2021 and 2020, excluding mutual funds, alternative investments, and the external investment pool are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in the book entry form. The external investment pool consists of the Foundation's pro-rata ownership in the pool itself, not in the underlying securities. The pool is invested in a combination of short-term liquid instruments and intermediate term fixed income securities and is uninsured.

Concentration of Credit Risk:

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

Disclosure of any issuer of investments that in the aggregate is 5% or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are exempt). As of June 30, 2021 and 2020, there were no concentrations of credit risk.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021 and 2020, the credit quality ratings of the Foundation's debt securities were as follows:

<u>Standard and Poor's Credit Rating</u>	<u>2021</u>	<u>2020</u>
AAA	\$ 8,992,230	\$ 6,070,372
AA	1,145,374	788,417
A	3,140,800	3,082,487
BBB	3,749,826	3,540,233
BB	3,463,338	2,871,435
B	518,918	610,550
Below B	107,336	73,646
Unrated	387,073	102,034
	<u>\$ 21,504,895</u>	<u>\$ 17,139,174</u>

As of June 30, 2021 and 2020, the external investment pool was rated at AA-f by Standard and Poor's.

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

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

As of June 30, 2021, the Foundation's debt securities had the following weighted average maturities:

<u>Total</u> <u>Fair Value</u>	<u>Less than</u> <u>1 year</u>	<u>1-5 years</u>
\$ 21,504,895	\$ 9,372,172	\$ 12,132,723

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued):

As of June 30, 2020, the Foundation's debt securities had the following weighted average maturities:

Total Fair Value	Less than 1 year	1-5 years
\$ 17,139,174	\$ 5,393,022	\$ 11,746,152

As of June 30, 2021 and 2020, the external investment pool has an effective duration of 2.60 and 0.43 years, respectively.

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

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. It is the Foundation's policy to limit its exposure to foreign currency risk by limiting the asset allocation in international investments in accordance with the established targets in the approved investment policy. As of June 30, 2021 and 2020, the Foundation did not have any direct investments subject to this risk. As of June 30, 2021 and 2020, the Foundation's assets were held in U.S. currency. The currency risk on international and global assets is absorbed by the underlying investments managers.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements:

The Foundation utilizes various methods to measure fair value of its assets and liabilities on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of hierarchy are:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level of any input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an investment's assigned level as described above.

The inputs used to measure the fair value of contributions receivable are categorized as Level 3.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2021 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value -				
Equity securities-Domestic & International	\$ 76,583,322	\$ 75,505,518	\$ 1,077,804	\$ -
Debt securities	21,504,895	15,264,600	6,240,295	-
External investment pool	6,362,752	-	-	6,362,752
Alternative investments:				
Private equity investments	2,414,537	-	-	2,414,537
Real estate investment trust	4,313,311	-	-	4,313,311
Total alternative investments	6,727,848	-	-	6,727,848
Funds held in trust by others	3,955,132	3,955,132	-	-
Contributions receivable, net	3,967,282	-	-	3,967,282
Total assets measured at fair value	119,101,231	94,725,250	7,318,099	17,057,882
Assets measured at net asset value (NAV) -				
Fund of fund hedge funds	8,953,462			
Private equity investments	5,956,746			
Total assets measured at NAV	14,910,208			
Total assets	134,011,439			
Liabilities:				
Funds held in trust	1,934,571	-	-	1,934,571
Due to WFHT	1,280,023	-	1,280,023	-
Total liabilities	3,214,594	-	1,280,023	1,934,571
Total	\$ 130,796,845	\$ 94,725,250	\$ 6,038,076	\$ 15,123,311

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JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2020 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value -				
Equity securities-Domestic & International	\$ 60,545,211	\$ 60,545,211	\$ -	\$ -
Debt securities	17,139,174	10,946,624	6,192,550	-
External investment pool	7,677,940	-	-	7,677,940
Alternative investments:				
Private equity investments	2,175,468	-	-	2,175,468
Real estate investment trust	2,679,222	-	-	2,679,222
Total alternative investments	4,854,690	-	-	4,854,690
Funds held in trust by others	3,559,423	3,559,423	-	-
Contributions receivable, net	4,228,532	-	-	4,228,532
Total assets measured at fair value	98,004,970	75,051,258	6,192,550	16,761,162
Assets measured at net asset value (NAV) -				
Fund of fund hedge funds	7,947,135			
Private equity investments	3,352,623			
Total assets measured at NAV	11,299,758			
Total assets	109,304,728			
Liabilities:				
Funds held in trust	2,033,988	-	-	2,033,988
Due to WFHT	949,824	-	949,824	-
Total liabilities	2,983,812	-	949,824	2,033,988
Total	\$ 106,320,916	\$ 75,051,258	\$ 5,242,726	\$ 14,727,174

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following methods and assumptions were used to estimate the fair value for each class of asset and liability, measured at fair value:

Equity securities - Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Debt securities - Investments in fixed income securities are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis. However, a small segment of debt security holdings is in a High Yield Commingled Fund where there are inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly, and therefore included in Level 2.

External investment pool - Investments in the Special Purpose Investment Account (“SPIA”) of the Florida Treasury Pool are classified as Level 3. Participants contribute to this Treasury Pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool’s total fair value by the pool participant’s total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant’s pool balance. At June 30, 2021 and 2020, the unaudited fair value factor was 0.9840 and 1.0291, respectively. The factor is determined by an independent pricing service which uses quoted market prices as well as multifactor models for securities which have no quoted market prices. Additional information may be found in Note 2 to the State of Florida Comprehensive Annual Financial Report (“CAFR”) and at the Treasury’s website, www.fltreasury.org.

Alternative investments - Investments in private equity partnerships for which there is no readily determinable fair value is classified as Level 3 as the valuation is based on significant unobservable inputs.

Private equity and real estate investment trust funds for which there are not readily determinable fair values are classified as Level 3 as the valuation is based on significant unobservable inputs. Private equity real estate are partnerships formed for the purpose of acquiring, holding, managing and selling income producing real estate and real estate related assets including interest in joint venture development projects for current income, investment and capital appreciation over a three to five year holding period.

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JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

Funds held in trust by others - Funds held in trust by others are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. The liabilities are classified as Level 3 as they are measured at the present value of the future distributions the Foundation expects to receive over the term of the agreements.

Contributions receivable - Unconditional promises to give that are expected to be collected in future years are recorded at an estimated fair value determined using the discounted present value of expected cash flows. They are classified as Level 3 as the discounts on those amounts are computed using a risk adjusted discount rate applicable at the time promises are received.

Due to WFHT - The amount payable to WFHT is classified as Level 2 as the value correlates directly to the fair value of WFHT's interest in the Foundation's investment pool.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

	Private Equity	Real Estate	SPIA	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:						
Beginning balance	\$ 2,175,468	\$ 2,679,222	\$ 7,677,940	\$ 4,228,532	\$ -	\$ 16,761,162
Total gains or losses:						
Included in change						
in net assets	193,200	255,208	(103,458)	-	-	344,950
Purchases, issuances, sales, and settlements:						
Purchases	980,529	1,858,315	6,670,100	-	-	9,508,944
Settlements	(341,403)	(479,434)	(7,881,830)	-	-	(8,702,667)
New pledges, payments, write-offs, and change in fair value:						
New pledges	-	-	-	366,750	-	366,750
Payments	-	-	-	(448,940)	-	(448,940)
Write-offs	-	-	-	(18,720)	-	(18,720)
Change in fair value	-	-	-	(160,340)	-	(160,340)
Transfer out	(593,257)	-	-	-	-	(593,257)
Total assets	2,414,537	4,313,311	6,362,752	3,967,282	-	17,057,882
Liabilities:						
Beginning balance	-	-	-	-	2,033,988	2,033,988
Adjustments	-	-	-	-	(520,127)	(520,127)
Total gains or losses:						
Included in change						
in net assets	-	-	-	-	605,270	605,270
Settlements	-	-	-	-	(184,560)	(184,560)
Total liabilities	-	-	-	-	1,934,571	1,934,571
Total	\$ 2,414,537	\$ 4,313,311	\$ 6,362,752	\$ 3,967,282	\$ (1,934,571)	\$ 15,123,311

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2020:

	Private Equity	Real Estate	SPIA	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:						
Beginning balance	\$ 1,701,594	\$ 3,097,625	\$ 7,626,406	\$ 4,050,720	\$ -	\$ 16,476,345
Total gains or losses:						
Included in change in net assets	74,944	242,897	(77,751)	-	-	240,090
Purchases, issuances, sales, and settlements:						
Purchases	540,256	217,824	7,240,341	-	-	7,998,421
Settlements	(141,326)	(879,124)	(7,111,056)	-	-	(8,131,506)
New pledges, payments, Write-offs:						
New pledges	-	-	-	608,726	-	608,726
Payments	-	-	-	(430,914)	-	(430,914)
Total assets	2,175,468	2,679,222	7,677,940	4,228,532	-	16,761,162
Liabilities:						
Beginning balance	-	-	-	-	2,159,914	2,159,914
Adjustments	-	-	-	-	(66,092)	(66,092)
Total gains or losses:						
Included in change in net assets	-	-	-	-	78,119	78,119
Purchases and settlements:						
Purchases	-	-	-	-	47,742	47,742
Settlements	-	-	-	-	(185,695)	(185,695)
Total liabilities	-	-	-	-	2,033,988	2,033,988
Total	\$ 2,175,468	\$ 2,679,222	\$ 7,677,940	\$ 4,228,532	\$ (2,033,988)	\$ 14,727,174

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following tables set forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 assets and liabilities as of June 30, 2021, excluding investments valued using the practical expedient or the NAV.

<u>Asset or Liability Type</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (weighted average)</u>
Real Estate Investment Trust - Harbert V:				
Real Estate Partnership Interest	\$ 369,040	Independent Appraisal	Capitalization Rate	6.91%
Real Estate Partnership Interest	\$ 227,152	Direct Capitalization	Capitalization Rate	6.26%
Real Estate Investment Trust - Harbert VI:				
Real Estate Partnership Interest	\$ 380,044	Independent Appraisal	Capitalization Rate	6.22%
Real Estate Partnership Interest	\$1,118,476	Direct Capitalization	Capitalization Rate	6.16%
Real Estate Partnership Interest	\$ 486,211	Market Transactions (a)	N/A	N/A
Real Estate Investment Trust - Harbert VII:				
Real Estate Partnership Interest	\$1,016,939	Market Transactions (a)	N/A	N/A
Real Estate Partnership Interest	\$ 527,263	Direct Capitalization	Capitalization Rate	4.63%
Real Estate Partnership Interest	\$ 188,186	Independent Appraisal	Capitalization Rate	5.25%
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund II:				
Common Securities	\$ 85,279	Market Comparable Companies	EBITDA Multiple (11.4x)	7.7x - 24.4x
Common Securities	\$ 10,336	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	\$ 27,159	Market Comparable Companies	EBITDA Multiple (9.4x)	1.3x - 24.26x
Debt Securities	\$ 46,409	Cost (Recent Transaction)	N/A	N/A
Debt Securities	\$ 393,429	Relative Value Analysis	Yield to Maturity 10.12%	7.71% - 15.45%

(a) Market Transactions include related capital expenditures of a particular investment.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

<u>Asset or Liability Type</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (weighted average)</u>
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund III:				
Common Securities	\$ 56,760	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	\$ 36,869	Cost (Recent Transaction)	N/A	N/A
Limited Partnership Interest	\$ 23,650	Cost (Recent Transaction)	N/A	N/A
Debt Securities	\$ 534,646	Cost (Recent Transaction)	N/A	N/A
Private Equity Investments - Golub Capital Partners International:				
Debt Securities	\$1,200,000	Market rate approach	Market interest rate	4.20%
External Investment Pool				
SPIA	\$6,362,752	Factor times cost	Value of \$1 contributed	0.98%
Contributions receivable, net	\$3,967,282	Discounted present value	Discounted present value of expected cash flows at a risk-adjusted discount rate applicable at the time promises are received	N/A
Funds Held in Trust - Liabilities	\$1,934,571	Factor times Annuity	Value of \$1 paid every year discounted for both mortality and interest multiplied by the annual amount paid to annuitant(s)	N/A

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following tables set forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 assets and liabilities as of June 30, 2020, excluding investments valued using the practical expedient or the net asset value (“NAV”).

<u>Asset or Liability Type</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (weighted average)</u>
Real Estate Investment Trust - Harbert IV:				
Real Estate Partnership Interest	\$ 2,817	Independent Appraisal	N/A	N/A
Real Estate Investment Trust - Harbert V:				
Real Estate Partnership Interest	\$ 292,007	Independent Appraisal	Capitalization Rate	7.56%
Real Estate Partnership Interest	\$ 179,736	Direct Capitalization	Capitalization Rate	6.24%
Real Estate Partnership Interest	\$ 97,762	Market Transactions (a)	N/A	N/A
Real Estate Investment Trust - Harbert VI:				
Real Estate Partnership Interest	\$ 403,437	Independent Appraisal	Capitalization Rate	5.86%
Real Estate Partnership Interest	\$1,187,323	Direct Capitalization	Capitalization Rate	6.62%
Real Estate Partnership Interest	\$ 516,140	Market Transactions (a)	N/A	N/A
Private Equity Investments - Step Stone:				
Preferred Partnership Interest	\$ 355,346	Escrow	Other (b)	N/A
Member or Partnership Interest	\$ 237,911	Other	N/A	N/A

(a) Market Transactions include related capital expenditures of a particular investment.

(b) Investment is valued based on the estimated future distributions from the release of escrow.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

<u>Asset or Liability Type</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (weighted average)</u>
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund:				
Common Securities	\$ 95,220	Market Comparable	(11.3x)	7.4x -
Common Securities	\$ 5,265	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	\$ 42,740	Market Comparable Companies	EBITDA Multiple (11.5x)	1.2x - 15.6x
Debt Securities	\$ 51,862	Cost (Recent Transaction)	N/A	N/A
Debt Securities	\$ 527,300	Relative Value Analysis	Yield to Maturity	9.1% -
Private Equity Investments - Golub Capital Partners International:				
Debt Securities	\$ 859,824	Market rate approach	Market interest rate	10.80%
Contributions receivable, net	\$4,228,532	Discounted present value	Discounted present value of expected cash flows at a risk- adjusted discount rate applicable at the time promises are received	N/A
Funds Held in Trust - Liabilities	\$2,033,988	Factor times Annuity	Value of \$1 paid every year discounted for both mortality and interest multiplied by the annual amount paid to annuitant(s)	N/A

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table lists investments in hedge funds and investment limited partnerships by strategy, excluding investments measured at fair value, as of June 30, 2021:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fund of Fund Hedge Funds:				
Equity market neutral	8,953,462	-	Quarterly to Semi-annual	95 Days
Private equity investments	<u>5,956,746</u>	<u>6,809,639</u>	N/A*	N/A*
	<u>\$ 14,910,208</u>	<u>\$ 6,809,639</u>		

* These funds are in private equity structures, with no ability to be redeemed.

The following table lists investments in hedge funds and investment limited partnerships by strategy, excluding investments measured at fair value, as of June 30, 2020:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fund of Fund Hedge Funds:				
Equity market neutral	7,947,135	-	Semi-annual	95 Days
Private equity investments	<u>3,352,623</u>	<u>4,824,925</u>	N/A*	N/A*
	<u>\$ 11,299,758</u>	<u>\$ 4,824,925</u>		

* These funds are in private equity structures, with no ability to be redeemed.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 - CONTRIBUTIONS RECEIVABLE

As of June 30, 2021 and 2020, the Foundation records unconditional promises to give using fair value adjusted for the current year-end at discount rates, ranging from 0% to 16% based on the prevailing five-year Treasury constant maturities. As of June 30, 2021 and 2020, the fair value adjustment to contributions revenue was \$160,340 and \$-0-, respectively. Multi-year contributions receivable are classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. In 2021 and 2020, there were no transfers of contributions receivable into or out of Level 3.

Unconditional promises to give at June 30 are due as follows:

	2021	2020
In one year or less	\$ 829,968	\$ 454,886
Between one and five years	2,474,849	1,967,338
Greater than five years	851,789	1,828,163
Total contributions receivable, gross	4,156,606	4,250,387
Less discounts to net fair value	160,340	-
Less allowance for doubtful accounts	28,984	21,855
Net contributions receivable, fair value	\$ 3,967,282	\$ 4,228,532
Current contributions receivable, net	\$ 823,396	\$ 454,886
Noncurrent contributions receivable, net	3,143,886	3,773,646
Total contributions receivable, net	\$ 3,967,282	\$ 4,228,532

Time-restricted and endowment contributions receivable (gross) not recognized in the statement of net position under the provisions of GASB No. 33 were \$5,063,222 and \$5,592,972 at June 30, 2021 and 2020, respectively.

Conditional promises to give for state matching funds from the State of Florida Major Gifts Trust Fund amounted to \$2,438,052 at June 30, 2021 and 2020. The funds will be forwarded to the Foundation in the event that future appropriations are made by the state legislature.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Student loan fund	\$ 68,340	\$ 68,340
Rent, less allowance of \$235,154 in 2021 and \$270,367 in 2020	69,673	95,164
Insurance proceeds	909,908	-
Other	<u>15,695</u>	<u>14,442</u>
Net other receivables	<u>\$ 1,063,616</u>	<u>\$ 177,946</u>

The Student Loan Fund, established through contributions, provides low-interest, short-term loans to students. All transactions are conducted through the University's cashiers' office. The Student Loan Program is made up of accounts receivable for loans to students, funds held at the University available for loans to students, and funds invested in a quasi-endowment at the Foundation. As of June 30, 2021 and 2020, the Foundation held \$313,494 and \$232,012, respectively, that was invested in a quasi-endowment. Earnings in the quasi-endowment are transferred to the University, as needed, to support the Student Loan Program.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capitals assets not being depreciated:</i>					
Land	\$ 3,059,483	\$ -	\$ -	\$ -	\$ 3,059,483
Construction in progress	449,871	1,509,346	-	-	1,959,217
Works of art and historical treasures	1,393,070	-	-	-	1,393,070
Total capital assets not being depreciated	<u>4,902,424</u>	<u>1,509,346</u>	<u>-</u>	<u>-</u>	<u>6,411,770</u>
<i>Capitals assets being depreciated:</i>					
Property held under capital lease	77,694,666	-	(931,546)	-	76,763,120
Timeless Tanglewood property	5,595,202	-	-	-	5,595,202
Office equipment and software	515,872	-	-	-	515,872
Idle property	1,191,002	-	-	-	1,191,002
Total capital assets being depreciated	<u>84,996,742</u>	<u>-</u>	<u>(931,546)</u>	<u>-</u>	<u>84,065,196</u>
Less accumulated depreciation for:					
Property held under capital lease	37,531,118	2,948,980	(441,445)	-	40,038,653
Timeless Tanglewood property	420,572	168,230	-	-	588,802
Office equipment and software	497,186	7,019	-	-	504,205
Idle property	1,191,002	-	-	-	1,191,002
Total accumulated depreciation	<u>39,639,878</u>	<u>3,124,229</u>	<u>(441,445)</u>	<u>-</u>	<u>42,322,662</u>
Total capital assets being depreciated, net	<u>\$ 50,259,288</u>	<u>\$ (1,614,883)</u>	<u>\$ (490,101)</u>	<u>\$ -</u>	<u>\$ 48,154,304</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capitals assets not being depreciated:</i>					
Land	\$ 3,059,483	\$ -	\$ -	\$ -	\$ 3,059,483
Construction in progress	449,820	51	-	-	449,871
Works of art and historical treasures	1,393,070	-	-	-	1,393,070
Total capital assets not being depreciated	<u>4,902,373</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>4,902,424</u>
<i>Capitals assets being depreciated:</i>					
Property held under capital lease	77,694,666	-	-	-	77,694,666
Timeless Tanglewood property	5,595,202	-	-	-	5,595,202
Office equipment and software	501,957	13,950	(35)	-	515,872
Idle property	1,191,002	-	-	-	1,191,002
Total capital assets being depreciated	<u>84,982,827</u>	<u>13,950</u>	<u>(35)</u>	<u>-</u>	<u>84,996,742</u>
Less accumulated depreciation for:					
Property held under capital lease	34,534,402	2,996,716	-	-	37,531,118
Timeless Tanglewood property	252,344	168,228	-	-	420,572
Office equipment and software	487,948	9,238	-	-	497,186
Idle property	1,191,002	-	-	-	1,191,002
Total accumulated depreciation	<u>36,465,696</u>	<u>3,174,182</u>	<u>-</u>	<u>-</u>	<u>39,639,878</u>
Total capital assets being depreciated, net	<u>\$ 53,419,504</u>	<u>\$ (3,160,181)</u>	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ 50,259,288</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$3,124,229 and \$3,174,182, respectively.

Property held under capital lease represents the University's Student Housing System, which consists of the following: the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively. The buildings under capital lease are depreciated over the lease term, which is effectively 30 years, and the furniture, fixtures, and equipment are depreciated over their useful life of 5 - 10 years. Amortization of property under capital lease is included in depreciation expense. At June 30, 2021 and 2020, amortization of the property under capital lease totaled \$2,955,999 and \$3,005,954, respectively. See Note 11 for further capital lease disclosure.

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NOTE 5 - CAPITAL ASSETS (Continued)

During fiscal year 2021, Hurricane Sally hit landfall in our area and damaged the roofs of five out of the six buildings held under capital lease. These roofs were written off and buildings held under capital lease decreased by \$931,546. The accumulated depreciation related to these buildings held under capital lease also decreased by \$441,445, resulting in a loss of \$490,101. The State of Florida insurance proceeds, further explained in Note 6, will cover the roof replacement. As of June 30, 2021, the roofs were not complete and were included in construction in progress.

Timeless Tanglewood property represents a portion of an estate that was gifted to the Foundation in 2018 which consists of a building and furniture and fixtures. The remaining gift is included in land and works of art and historical treasures, stated above. This estate is recognized as the UWF President's Club at Timeless Tanglewood and will be used to host related events.

The Foundation routinely evaluates the carrying value of its long-lived assets. The Foundation records impairment losses on long-term assets when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such assets are considered to be impaired, the charge to operations is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

During the year ended June 30, 2016, management decided to take the Southside units, which are part of the University's student housing system, offline. This action was compliant with the covenants in Section 5.14 of all the bond agreements, which allow housing facilities to be abandoned, sold, converted, razed or removed in the event that the facilities are found to be not capable of producing positive net revenues. Management had been considering this action as a portion of these units have been taken offline over the past few years. The Southside units, originally constructed in the 1960's, are the oldest units and maintenance costs have increased each year. It was economically unfeasible to continue to operate these units in their current capacity. In September 2018, the Foundation transferred six of the fifteen units to the University for non-housing use resulting in a loss on transfer of \$300,277. During fiscal year 2019, management determined the remaining nine South Side Housing units to be materially and permanently impaired for housing use with a fair market value of zero. These remaining units are considered idle property, with a net carrying value of zero.

NOTE 6 - RELATED PARTY TRANSACTIONS

At June 30, 2021 and 2020, the Foundation and the University jointly determined an amount for the Foundation to deposit with the University to be used to manage and pay expenses for the Foundation's operations. Payroll, other University departments, and program expenses that are funded from the Foundation are paid through the University utilizing these funds. At June 30, 2021 and 2020, the cash balances held by the University were \$3,055,079 and \$353,218, respectively, and were included in due from University.

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NOTE 6 - RELATED PARTY TRANSACTIONS

In March of 2013, the Foundation entered into a Memorandum of Understanding with the University of West Florida Historic Trust (“WFHT”), another DSO of the University, where WFHT may transfer current cash assets to the Foundation to invest on their behalf. These funds are invested as a Quasi-Endowment with the Foundation and will be part of the overall investment pool subject to spending and investment policies of the Foundation as agreed to in the memorandum. Funds invested by WFHT in the Foundation’s investment pool totaled \$1,280,023 and \$949,824 at June 30, 2021 and 2020, respectively, and are included in due to WFHT.

On July 1, 2016, the assets of Pensacola Museum of Art (“PMA”), an independent not-for-profit corporation, became part of the University. On that date, the Foundation was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately \$4.2 million. The historic building and land were transferred to the University and the fine arts collection, furniture and equipment, and all other assets were transferred to WFHT, with the exception of the permanent endowment and cash and cash equivalents. On July 1, 2016, the Foundation entered into a cash and securities agreement with PMA for the furtherance of the PMA mission, as discussed in Note 2. As such, the permanent endowment and cash and cash equivalents remained with the Foundation, which stewards the endowment on behalf of PMA.

As a direct support organization, the Foundation received support from the University in performance of its mission. Salaries and benefits of University employees providing such support total approximately \$723,000 and \$770,000 in 2021 and 2020, respectively, and are included in general and administrative expenses. The University also provides centralized payroll processing and IT support that the Foundation estimates as immaterial to these financial statements.

As of June 30, 2021, the Foundation’s housing system recognized insurance recoveries from the State of Florida in the amount of \$1,641,517. These funds were transferred from the University to replace roofs damaged during Hurricane Sally. The Foundation’s housing system also recorded a related loss on disposal of \$490,101 for these damaged roofs. This resulted in \$1,151,416 of insurance recoveries, net of loss on disposal.

Due to the Coronavirus Disease 2019 (“COVID-19”) pandemic, as discussed in Note 12, the Foundation’s housing system received financial support of \$1,876,379 and \$1,491,625 in 2021 and 2020, respectively. In 2021, the Foundation’s housing system received support from the University for estimated lost revenues. The funding source of these lost revenues was federal stimulus monies received by the University under the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”). This support was recognized as an increase in nonoperating revenue. In 2020, the Foundation’s housing system received support from the University to disburse pro-rated housing fees to students as a result of Spring 2020 dormitory closures. The funding source of these refunds were federal stimulus monies received by the University under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). Housing fees refunded to students decreased operating revenue, and the portion of housing fees funded by CARES Act was recognized as nonoperating revenue.

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NOTE 7 - BONDS PAYABLE

The table below presents information about revenue bonds at June 30, 2021, including a schedule of changes for the year then ended:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Publicly issued revenue bonds:					
\$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of \$720,000 to \$1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	\$ 23,450,000	\$ -	\$ (1,265,000)	\$ 22,185,000	\$ 1,325,000
Unamortized premiums	843,444	-	(42,173)	801,271	-
Publicly issued revenue bonds payable, net of unamortized premiums	24,293,444	-	(1,307,173)	22,986,271	1,325,000
Direct placement revenue bonds:					
\$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of \$618,500 to \$830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	6,060,500	-	(688,000)	5,372,500	705,000
\$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of \$731,544 to \$1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	10,623,736	-	(827,073)	9,796,663	848,587
Direct placement revenue bonds payable	16,684,236	-	(1,515,073)	15,169,163	1,553,587
Total bonds payable, net of unamortized premiums	\$ 40,977,680	\$ -	\$ (2,822,246)	\$ 38,155,434	\$ 2,878,587

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 - BONDS PAYABLE (Continued)

The table below presents information about revenue bonds at June 30, 2020, including a schedule of changes for the year then ended:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Publicly issued revenue bonds:					
\$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of \$720,000 to \$1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	\$ 24,660,000	\$ -	\$ (1,210,000)	\$ 23,450,000	\$ 1,265,000
Unamortized premiums	885,616	-	(42,172)	843,444	-
Publicly issued revenue bonds payable, net of unamortized premiums	25,545,616	-	(1,252,172)	24,293,444	1,265,000
Direct placement revenue bonds:					
\$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of \$618,500 to \$830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	6,731,000	-	(670,500)	6,060,500	688,000
\$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of \$731,544 to \$1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	11,423,607	-	(799,871)	10,623,736	827,073
Direct placement revenue bonds payable	18,154,607	-	(1,470,371)	16,684,236	1,515,073
Total bonds payable, net of unamortized premiums	\$ 43,700,223	\$ -	\$ (2,722,543)	\$ 40,977,680	\$ 2,780,073

Interest of \$115,764 and \$124,748 was accrued on the bonds as of June 30, 2021 and 2020, respectively.

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NOTE 7 - BONDS PAYABLE (Continued)

Maturities of the publicly issued revenue bonds are as follows:

<u>For the year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,325,000	\$ 937,731	2,262,731
2023	1,390,000	871,481	2,261,481
2024	1,450,000	801,981	2,251,981
2025	1,525,000	729,481	2,254,481
2026	1,595,000	653,231	2,248,231
2027-2031	6,645,000	2,304,256	8,949,256
2032-2036	4,220,000	1,351,819	5,571,819
2037-2040	4,035,000	424,463	4,459,463
	<u>\$ 22,185,000</u>	<u>\$ 8,074,444</u>	<u>\$ 30,259,444</u>

Maturities of the direct placement revenue bonds are as follows:

<u>For the year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,553,587	\$ 451,440	2,005,027
2023	1,606,456	405,747	2,012,203
2024	1,649,469	358,491	2,007,960
2025	1,697,152	309,968	2,007,120
2026	1,752,408	260,036	2,012,444
2027-2031	6,910,091	568,093	7,478,184
	<u>\$ 15,169,163</u>	<u>\$ 2,353,776</u>	<u>\$ 17,522,939</u>

These bonds are all secured by mortgages on the student housing facilities in addition to a pledge of revenues earned from their operation. The bonds require the Foundation to maintain various covenants, including one that requires student housing room rates to be maintained at a level that provides net revenues at least equal to 120% of annual debt service. The debt service ratio for the year ended June 30, 2021 and 2020, respectively, was 164% and 121%, respectively.

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NOTE 7 - BONDS PAYABLE (Continued)

In addition, the Foundation must reserve 10% of prior year audited revenues in the Housing operating reserves account (separately stated in Note 2). The Foundation must also make an annual deposit of \$200 per available bed into the Housing replacement reserves account. Any remaining reserves are considered Housing contingency and improvement reserves, which totaled \$3,305,675 and \$5,464,922 at June 30, 2021 and 2020, respectively. The Trust indenture clarifies how and in what order each reserve account can be utilized.

The Foundation was not aware of any violations of the covenants at June 30, 2021 or 2020.

The default provisions for the direct placement revenue bonds differ in the following financial attributes:

Series 2016B - In the event the Series 2016B Bond is determined to be taxable by the Internal Revenue Service or the tax laws or regulations are amended, including, but not limited to, causing the Series 2016B Bond to be taxable, subject to minimum tax, alternative minimum tax, or a change in the corporate tax rate, the interest rate on the Series 2016B Bond can be adjusted by the holder to achieve the same after tax yield. In addition, any amount due under the Series 2016B Bond not paid when due shall be subject to payment of a default rate equal to the interest rate on the 2016B Bond plus 2% per annum from and after ten (10) days after the date due.

Series 2016C - In the event of a default that continues beyond any applicable cure period, the Series 2016C Bond shall be subject to a default rate of interest equal to the then applicable rate of interest plus 2.50% until such default has been cured, waived, or the 2016C Bond has been paid in full.

NOTE 8 - NET POSITION

Expendable net position at June 30 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Scholarships, student awards and loan funds	\$ 20,639,398	\$ 9,600,275
Faculty support, professorships and chairs	8,642,988	4,197,516
Foundation reserve fund	4,062,314	10,657,886
Programs and other	<u>35,243,437</u>	<u>19,133,909</u>
Total expendable net position	<u>\$ 68,588,137</u>	<u>\$ 43,589,586</u>

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NOTE 8 - NET POSITION (Continued)

Nonexpendable net position consists of endowment fund assets to be held in perpetuity, with only the income to be expended. The following is a summary of nonexpendable net position at June 30, 2021 and 2020, categorized by the purpose for which the income is expendable:

	2021	2020
Scholarships, student awards and loan funds	\$ 34,281,843	\$ 31,827,009
Faculty support, professorships and chairs	11,763,613	11,763,613
Programs and other	20,355,664	19,922,629
Total nonexpendable net position	\$ 66,401,120	\$ 63,513,251

NOTE 9 - ENDOWMENTS

The Foundation's endowments consisted of 316 and 307 individual funds at June 30, 2021 and 2020, respectively, and were established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As discussed in Note 6, the Foundation acts as a steward of PMA's cultural endowment program. As of June 30, 2021 and 2020, the endowment of \$670,236 and \$535,987, respectively, which excludes cash and cash equivalents of \$179,706 and \$295,064, respectively, does not follow the Foundation's spending policy. All income from the endowment will provide support to PMA's mission.

Interpretation of Relevant Law -

The Foundation's governing board with guidance from legal counsel has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("Florida UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

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NOTE 9 - ENDOWMENTS (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Florida UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a loan from unrestricted net assets. For the period ending June 30, 2021 and 2020, the amount of the loan was \$1,804 and \$114,441, respectively. The loan considers donor-restricted endowments where the fair value of the investments was less than donor stipulations plus amounts available for spending. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board.

Return Objectives and Risk Parameters -

The Foundation's governing board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce the desired minimum rate of return which is equal to the Consumer Price Index ("CPI") plus 400 basis points (4%) for spending, plus an amount for the operating budget on an annualized basis.

The Foundation's investment committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. Research has demonstrated that portfolio risk is best minimized through diversification of assets. The portfolio of funds is structured to maintain prudent levels of diversification. In terms of relative risk, the volatility of the portfolio is expected to be in line with general market conditions.

Strategies Employed for Achieving Objectives -

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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NOTE 9 - ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation's spending rate is calculated on a three-year average of the market value of the endowments as of June 30. Spending is awarded for endowments greater than \$25,000 after a one year waiting period. The approved spending rate was 4.00% for fiscal years ended June 30, 2021 and 2020.

The Foundation strives to balance the donor's desire to fund current program, faculty, and scholarship needs with the commitment to preserve over time the donor's gifts to the endowment corpus. The Foundation takes seriously its responsibility to provide prudent fiduciary management. Despite utilizing a well-diversified investment portfolio strategy and the best good faith efforts of its governing board, there will be times when the fair market value of an endowment may fall below the endowment corpus value creating underwater endowments. In the event an endowment falls underwater, the Foundation will use a step-down spending allocation method to slow the spending from the endowment. The intent of this policy is to attempt to continue to provide spending to support the scholarships, programs, and faculty as designated by the donor and within the limits of Florida laws, while also allowing the endowment to recover more quickly from economic downturns.

The Foundation's operating budget has generally been two percent (2%) of the three-year average of the market value of the investment portfolio. To accommodate both the needs of the university and keeping with the goal of managing the endowment portfolio for the long term the governing board has fixed the amount at a rate of 1.75% effective fiscal year 2020.

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2021 are as follows:

	<u>Unrestricted</u>	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total</u>
Endowment Balance, July 1, 2020	\$ 1,393,449	\$ 9,728,362	\$ 63,513,251	\$ 74,635,062
Restricted contributions	-	38,141	2,859,382	2,897,523
Investment income	78,907	4,326,209	-	4,405,116
Net appreciation	437,690	23,002,849	-	23,440,539
Other changes	(30,599)	(1,774,460)	28,487	(1,776,572)
Amounts appropriated for expenditures	-	(3,088,323)	-	(3,088,323)
Endowment Balance, June 30, 2021	<u>\$ 1,879,447</u>	<u>\$ 32,232,778</u>	<u>\$ 66,401,120</u>	<u>\$ 100,513,345</u>

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NOTE 9 - ENDOWMENTS (Continued)

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2020 are as follows:

	<u>Unrestricted</u>	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total</u>
Endowment Balance, July 1, 2019	\$ 1,626,333	\$ 14,092,082	\$ 60,680,892	\$ 76,399,307
Restricted contributions	-	35,325	2,872,359	2,907,684
Investment income	95,457	4,953,737	-	5,049,194
Net depreciation	(100,950)	(5,036,624)	-	(5,137,574)
Other changes	(27,391)	(1,364,529)	(40,000)	(1,431,920)
Amounts appropriated for expenditures	(200,000)	(2,951,629)	-	(3,151,629)
Endowment Balance, June 30, 2020	<u>\$ 1,393,449</u>	<u>\$ 9,728,362</u>	<u>\$ 63,513,251</u>	<u>\$ 74,635,062</u>

The earnings from investments, and expenditures from those earnings, related to nonexpendable balances for the years ended June 30, 2021 and 2020 are classified as expendable balances.

As of June 30, 2021 and 2020, \$2,488,110 and \$1,919,018, respectively, of net assets have been designated as quasi-endowment funds to support the missions of the University. The quasi-endowments resulting from internal designations are classified as unrestricted net position. The quasi-endowments resulting from donor designations are classified as expendable net position.

NOTE 10 - RETIREMENT PLAN

Certain Foundation employees working in regularly established positions of the University are covered by the Florida Retirement System (“FRS”), a State-administered cost-sharing, multiple-employer, public employee defined benefit retirement plan (“Plan”). The Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other non-integrated programs. These include the Plan, a Deferred Retirement Option Program (“DROP”), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (“PEORP”). Participating employers include all State departments, counties, district school boards, universities and community colleges. Many municipalities and special districts have elected to be participating employers. Essentially all regular employees of participating employers are eligible.

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to four years of credit for military service.

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JUNE 30, 2021 AND 2020

NOTE 10 - RETIREMENT PLAN (Continued)

The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. The University, as an employer participating in the Plan, paid an amount between 10.82% to 29.01% and 10.00% to 27.29% for 2021 and 2020, respectively, of each individual's salary to the retirement fund. Prior to July of 2011, the Plan was a non-contributory program for the employee. During 2021 and 2020, employees paid an amount of 3.00% into the Plan. Retirement expense for employees participating in this plan was \$102,042 and \$78,098 for the years ended June 30, 2021 and 2020, respectively.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the plan to defer receipt of monthly benefits payments while continuing employment with an FRS employer. An employer may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Retirement expense for employees participating in this plan was \$837 and \$707 for the years ended June 30, 2021 and 2020, respectively.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. Employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. Retirement expenses for employees participating in this plan were \$43,346 and \$38,147 for the years ended June 30, 2021 and 2020, respectively.

Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program ("Program") for eligible State University System faculty and administrators. The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions may make an irrevocable election to participate in the Program rather than the Plan, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant an amount equal to a percentage of the participant's gross monthly compensation. The participant may contribute by salary deduction an amount not to exceed the percentage contributed by the University to the participant's annuity account. Contributions made to the Program for fiscal years ended June 30, 2021 and 2020 totaled \$96,234 and \$85,612, respectively.

The University has established a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), that is a governmental plan as defined under Code Section 414(d), to provide retirement benefits to eligible employees. Retirement expenses paid by the Foundation in 2021 and 2020 for the University President participating in the plan totaled \$77,935 and \$92,406, respectively.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 - STUDENT HOUSING SYSTEM

The Foundation has a sublease agreement with the Florida Board of Education of the State of Florida on behalf of the University for use of land and certain existing student housing facilities. The lease requires the Foundation to construct additional student housing facilities and to operate the facilities as a consolidated housing system on behalf of the University.

The Student Housing System consists of seven projects, which are the following: the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively.

The terms of the sublease require the Foundation to pay the University rents of \$10 per year plus variable rent equal to 100% of the Surplus Earnings from the Student Housing System. Surplus Earnings represent cash flows after payment of the operating costs, debt service and reserves. No variable rent was due for either 2021 or 2020. The sublease agreement was signed in 1998 and ends August 31, 2038. The sublease was amended September 30, 2018, in order to transfer six South Side units back to the University for non-housing use. See Note 5 for further explanation regarding the South Side units.

The Foundation and the University have a management operating agreement outlining the responsibilities of both parties for the operations of the Student Housing System. The current agreement was signed on December 1, 2016, and is effective until all bonds outstanding are paid in full.

The University has contracted with Apogee Telecom, Inc. to provide high-speed internet and cable to residence halls along with 24-hr customer support. Under the terms of the management operating agreement, the Foundation assumes financial responsibility for the terms of this contract. Fees are payable monthly in advance and are subject to adjustment based on bed count. The contract, executed on March 6, 2020, was signed for an initial term of 72 months. The agreement will renew for a term of 12 months, upon written mutual agreement.

The anticipated annual expenses over the term of the contract are as follows:

For the fiscal year ended:

2022	\$ 371,867
2023	\$ 388,237
2024	\$ 406,847
2025	\$ 436,142
2026	\$ 456,993

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. During this time, the University closed its campus and dormitories. This closure resulted in a decision to refund a pro-rated amount of housing fees to students no longer living on campus. In 2021, the University made the decision to continue classes online and gave students with signed housing contracts an option to opt-out due to COVID-19 concerns. These decisions resulted in financial support, discussed in Note 6.

From the time of the closure through June 30, 2021, initiatives were developed to assist the students and local communities in need. The Foundation raised approximately \$60,000 to help support students and expended approximately \$30,000 of those funds during fiscal year 2020. During fiscal year 2021, the remaining funds raised for student support were expended entirely. During fiscal year 2020, the Foundation worked closely with the Small Business Development Center (“SBDC”) to raise and expend money to support local businesses. Funds raised and expended during fiscal year 2020 was approximately \$1.2 million and \$690,000, respectively. During fiscal year 2021, the SBDC expended an additional \$307,000. Due to the unexpected shift in concern from COVID-19 to Hurricane Sally relief, the remaining balance of \$203,000 was not expended. Per donor requests, these balances were returned.

The Foundation no longer anticipates adverse effects of this pandemic to be within the student housing system. The Foundation’s housing system is expected to exceed occupancy goals and replenish reserves in the upcoming fiscal year.

The Foundation has also evaluated the impact of COVID-19 on its investments and no longer believes the pandemic will directly and negatively impact the fair value of the Foundation’s investments.

The Foundation, along with the University, is continually monitoring the potential impacts of the COVID-19 pandemic and its effects on the financial statements. The extent to which the COVID-19 pandemic impacts the Foundation going forward will depend on numerous evolving factors, which the Foundation cannot reliably predict.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF STUDENT HOUSING SYSTEM REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Rent	\$ 7,943,805	\$ 7,756,246
Interest	106,237	253,390
Net unrealized and realized gain (loss) on investments	(53,750)	-
Other	184,787	263,217
Total revenues	<u>8,181,079</u>	<u>8,272,853</u>
Operating Expenses:		
Salaries and wages	1,723,627	1,887,587
Administrative and general	263,513	384,692
Maintenance and repairs	1,667,459	1,334,912
Insurance	197,666	192,220
Utilities	779,380	977,627
Interest	1,445,825	1,549,899
Depreciation and amortization	<u>2,955,999</u>	<u>3,005,954</u>
Total operating expenses	<u>9,033,469</u>	<u>9,332,891</u>
Operating Loss	<u>(852,390)</u>	<u>(1,060,038)</u>
Nonoperating Revenues:		
University support	1,876,379	1,491,625
Insurance proceeds net of loss on disposal	1,151,416	-
Total nonoperating revenues	<u>3,027,795</u>	<u>1,491,625</u>
Excess of Revenues Over Expenses	<u><u>\$ 2,175,405</u></u>	<u><u>\$ 431,587</u></u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF NET POSITION
(EXCLUDING THE STUDENT HOUSING SYSTEM)
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 3,942,058	\$ 1,748,363
Contributions receivable, net	823,396	454,886
Other receivables, net	84,035	82,782
Due from University	92,781	353,218
Prepaid expenses	106,201	241,665
Investments	9,372,172	5,393,022
Total current assets	14,420,643	8,273,936
Noncurrent Assets:		
Restricted cash reserves	25,518	-
Contributions receivable, net	3,143,886	3,773,646
Investments	113,922,586	91,074,782
Capital assets, net	9,458,953	9,627,183
Assets held under split interest agreements	3,955,132	3,559,423
Other assets	365,537	356,927
Total noncurrent assets	130,871,612	108,391,961
Total Assets	\$ 145,292,255	\$ 116,665,897

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities:		
Accounts payable and accrued expenses	\$ 640,015	\$ 1,005,322
Noncurrent Liabilities:		
Liabilities under split-interest agreements	1,934,571	2,033,988
Due to West Florida Historic Trust	1,280,023	949,824
Total noncurrent liabilities	3,214,594	2,983,812
Deferred Inflows of Resources:		
Split-interest agreements	1,904,789	1,409,663
Net Position:		
Net investment in capital assets	9,458,953	9,627,183
Unrestricted	(4,915,353)	(5,462,920)
Restricted -		
Expendable	68,588,137	43,589,586
Nonexpendable	66,401,120	63,513,251
Total net position	139,532,857	111,267,100
Total Liabilities, Deferred Inflows and Net Position	\$ 145,292,255	\$ 116,665,897

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

	Scholarships	Other Program Services	Student Housing System	Fundraising	General & Administrative	2021 Total	2020 Total
Bad debt expense	\$ -	\$ 18,719	\$ (35,212)	\$ -	\$ -	\$ (16,493)	\$ 29,506
Bond expense	-	-	11,825	-	-	11,825	11,941
Depreciation and amortization	-	168,230	2,955,999	-	-	3,124,229	3,174,182
Equipment	-	17,720	7,923	-	1,137	26,780	130,752
Housing administrative and general	-	0	51,988	-	-	51,988	50,383
Insurance	-	29,330	197,666	-	21,826	248,822	237,151
Interest	-	-	1,445,825	-	-	1,445,825	1,549,899
Investment and consultant fees	-	5,136	-	-	249,400.00	254,536	228,914
Lobbying	-	30,000	-	-	90,000	120,000	120,000
Maintenance and repairs	-	-	1,667,459	-	-	1,667,459	1,334,912
Miscellaneous	-	436,132	-	281	18,413	454,826	235,887
Office	-	174,163	52,507	138,044	60,779	425,493	471,188
Professional development	-	116,511	1,905	30,893	5,299	154,608	177,419
Professional services	-	545,755	11,000	4,043	86,506	647,304	1,229,642
Public radio program	-	258,774	-	-	-	258,774	236,837
Public relations	-	58,506	-	25,604	33,126	117,236	116,851
Recruitment	-	1,134	-	253	389	1,776	6,768
Rental	-	23,269	-	450	2,159	25,878	57,226
Salaries and wages	-	2,102,947	1,723,627	385,304	1,484,058	5,695,936	5,367,861
Scholarships	1,649,038	-	-	-	-	1,649,038	1,508,017
Service charges and other fees	-	63,538	116,407	5,866	(80,467)	105,344	75,893
Travel and entertainment	-	11,931	45,170	2,408	2,256	61,765	511,301
University support	-	764,434	-	-	-	764,434	787,925
Utilities	-	-	779,380	-	-	779,380	977,627
	<u>\$ 1,649,038</u>	<u>\$ 4,826,229</u>	<u>\$ 9,033,469</u>	<u>\$ 593,146</u>	<u>\$ 1,974,881</u>	<u>\$ 18,076,763</u>	<u>\$ 18,628,082</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
CHAIRS UNDER EMINENT SCHOLARS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2021

Name of Gift	Beginning	Beginning	Corpus	Net		Other	Fund Balance	Ending	Ending
	Corpus	Net	Contributed	Investment	Expenditures	Expenditures	Net of	Corpus	Total
	Balance	Balance	During the	Earnings	Expenditures	and	Losses , Expense	Balance	Balance
			Year			Transfers	& Transfers		
William Craig Nystul Chair	\$ 1,210,852	\$ 1,487,032	\$ -	\$ 555,503	\$ 5,814	\$ 89,495	\$ 1,947,226	\$ 1,210,852	\$ 1,947,226
John C. Pace, Sr., Business Chair	1,000,000	1,223,695	-	457,129	4,785	73,646	1,602,393	1,000,000	1,602,393
John C. Pace, Sr., Memorial Eminent Scholar	2,644,500	3,308,594	-	1,235,975	12,937	199,123	4,332,509	2,644,500	4,332,509
John C. Pace, Jr., Distinguished University Professorship	3,966,750	4,962,894	-	1,853,963	19,405	298,684	6,498,768	3,966,750	6,498,768
Mary Ball Washington Chair	1,320,155	1,521,980	-	568,558	5,951	91,597	1,992,990	1,320,155	1,992,990
Total - Eminent Scholars Program	<u>\$ 10,142,257</u>	<u>\$ 12,504,195</u>	<u>\$ -</u>	<u>\$ 4,671,128</u>	<u>\$ 48,892</u>	<u>\$ 752,545</u>	<u>\$ 16,373,886</u>	<u>\$ 10,142,257</u>	<u>\$ 16,373,886</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2021

Name of Gift	Beginning	Beginning	Corpus	Investment	Investments	Spending	Fund Balance	Reclass	Loan from	Ending	Ending
	Corpus	Net	Contributed		& Other		Net of			for	Corpus
	Balance	Balance	During the	Earnings	Expenses	Transfers	Earnings, Expenses	Spending	Unrestricted	Balance	Balance
			Year				& Transfers		Transfers		
02040 - Leola S & Lawrence A Alexander, Jr. Memorial Scholarship Endowment	\$ 282,852	\$ 298,338	\$ -	\$ 111,449	\$ 6,673	12,448	\$ 390,666	\$ -	\$ -	\$ 282,852	\$ 390,666
04150 - Alfred I. duPont Foundation, Inc. Scholarship Endowment	485,000	496,876	50,000	193,095	11,987	18,778	709,206	-	-	535,000	709,206
02006 - Bank of America Scholarship Endowment II	150,000	163,341	-	61,018	3,654	6,815	213,890	-	-	150,000	213,890
02018 - Baptist Health Care Endowment	170,539	217,673	-	81,315	4,869	9,082	285,037	-	-	170,539	285,037
02005 - Banker's Endowment	166,692	222,256	-	83,027	4,971	9,273	291,039	-	-	166,692	291,039
02043 - Blue Cross & Blue Shield of Florida Endowed Nursing Scholars	155,673	158,522	-	59,218	3,546	6,614	207,580	-	-	155,673	207,580
02041 - C. L. Fountain Family Scholarship Endowment	100,000	104,843	-	39,166	2,345	4,375	137,289	-	-	100,000	137,289
02030 - Cacilda Prado Pace Library Endowment	150,346	152,076	-	56,810	3,402	6,345	199,139	-	-	150,346	199,139
02001 - Chadbourne Foundation Major Gift Scholarship Endowment	206,434	244,838	10,000	92,645	5,645	9,867	331,971	-	-	216,434	331,971
02034 - Chadbourne Foundation Business Ethics Scholarship Endowment	300,000	309,449	-	115,599	6,922	12,912	405,214	-	-	300,000	405,214
02037 - Switzer Family Partnership Endowment	198,774	205,990	-	76,951	4,608	8,595	269,738	-	-	198,774	269,738
02028 - CHARLOTTE Endowment	150,000	179,870	-	67,193	4,023	7,505	235,535	-	-	150,000	235,535
02025 - Dorothy C. Martin Endowment	150,005	180,221	-	67,324	4,031	7,520	235,994	-	-	150,005	235,994
02022 - E. W. Hopkins Professorship Endowment	175,343	226,821	-	84,732	5,074	9,464	297,015	-	-	175,343	297,015
02004 - Elizabeth R. Woolf Endowment	275,412	333,208	-	124,475	7,453	13,903	436,327	-	-	275,412	436,327
02045 - Gulf Power Engineering Scholarship Endowment	152,700	155,374	-	58,042	3,475	6,483	203,458	-	-	152,700	203,458
02010 - Pat & Hal Marcus Historical Archaeology Scholarship Endowment	150,000	172,098	-	64,290	3,850	7,181	225,357	-	-	150,000	225,357
04101 - Jane G. and Fred K. Seligman Endowed Scholarship	207,251	211,054	-	78,842	4,721	8,806	276,369	-	-	207,251	276,369
02027 - John C. Pace, Jr. Academic Development Endowment	8,592,090	10,614,268	-	3,965,118	237,422	442,884	13,899,080	-	-	8,592,090	13,899,080
02008 - John C. Pace, Jr. Memorial Endowment	7,740,835	9,632,404	-	3,598,329	215,460	401,915	12,613,358	-	-	7,740,835	12,613,358
02036 - John L. Switzer Scholarship Endowment	195,688	202,527	-	75,657	4,530	8,451	265,203	-	-	195,688	265,203
02033 - Katharine C. Pace Memorial Endowment	1,700,000	1,678,190	-	626,913	37,538	70,023	2,197,542	-	-	1,700,000	2,197,542
02032 - Kerrigan Daughters' Young Women's Scholarship Endowment	340,204	345,950	-	129,235	7,738	14,435	453,012	-	-	340,204	453,012
04069 - Abe Levin Professorship Endowment	251,906	299,016	125	111,721	6,695	12,477	391,690	-	-	252,032	391,690
04070 - Lefferts L. and Margaret M. Mabie Endowment	325,239	378,279	-	141,312	8,461	15,770	495,360	-	-	325,239	495,360
02012 - Mattie May Kelly Musical Educational Endowment	163,443	210,604	-	78,674	4,711	8,788	275,779	-	-	163,443	275,779
02039 - Maygarden Family Scholarship Endowment	164,015	171,668	805	64,264	3,860	7,155	225,722	-	-	164,820	225,722
02019 - Medical Center Clinic Endowment	164,306	202,880	-	75,789	4,538	8,465	265,666	-	-	164,306	265,666

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2021
(Continued)

Name of Gift	Beginning	Beginning	Corpus	Investments	Investments	Spending	Fund Balance	Reclass	Loan from	Ending	Ending
	Corpus	Net	Contributed				Net of			for	Corpus
	Balance	Balance	During the	Investment	& Other	Transfers	Earnings, Expenses	Spending	Unrestricted	Balance	Balance
			Year	Earnings	Expenses		& Transfers		Transfers		
04104 - National Defense Inst. Assoc, Gulf Coast Chptr Schp Endowment	150,000	151,275	-	56,511	3,384	6,312	198,090			150,000	198,090
02013 - Orville Beckford Endowment for Excellence in Business	150,050	174,815	-	65,305	3,910	7,294	228,916	-	-	150,050	228,916
02002 - Pickens Foundation For Education Endowment	162,556	198,753	-	74,247	4,446	8,293	260,261	-	-	162,555	260,261
02014 - Pre Professional Endowment	165,338	227,669	-	85,049	5,093	9,500	298,125	-	-	165,338	298,125
02015 - Raymond C. Dyson Endowment I	177,422	222,854	-	83,250	4,985	9,299	291,820	-	-	177,422	291,820
02016 - Raymond C. Dyson Endowment II	162,282	200,295	-	74,823	4,480	8,357	262,281	-	-	162,282	262,281
02035 - Rotary Club of Pensacola Scholarship Endowment	105,000	108,048	-	40,363	2,417	4,508	141,486	-	-	105,000	141,486
02020 - Sacred Heart Allied Health Endowment	163,947	213,820	20	79,876	4,784	8,922	280,010	-	-	163,967	280,010
02011 - Seymour Gitenstein Endowment	200,000	166,485	-	62,193	3,724	13,994	210,960	-	-	200,000	210,960
02038 - Switzer Brothers' Professorship Endowment	581,859	600,272	-	224,241	13,427	25,046	786,040	-	-	581,859	786,040
02052 - T. T. Wentworth, Jr. Historical Foundation Museum Curator Endowment	151,240	144,478	-	53,972	3,232	5,985	189,233	-	-	151,240	189,233
02047 - Smart Chemistry Seminar Series Endowment	161,579	159,209	-	59,475	3,561	6,643	208,480	-	-	161,579	208,480
02007 - Women's Athletic Trust Scholarship Endowment	169,029	204,988	560	76,683	4,611	8,540	269,080	-	-	169,590	269,080
Total	\$ 25,765,049	\$ 30,541,595	\$ 61,510	\$ 11,418,191	\$ 684,256	\$ 1,279,022	\$ 40,058,018	\$ -	\$ -	\$ 25,826,560	\$ 40,058,018

COMPLIANCE SECTION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

State Grantor		
Pass-through Grantor	CSFA	State
State Program Title	Number	Expenditures
<hr/>		
Florida Department of Education and Commissioner of Education:		
Major Gifts Program	48.074	\$ 802,273
Florida Department of Highway Safety and Motor Vehicles:		
University of West Florida License Plate Project	76.036	<u>\$ 29,430</u>
Total State Financial Assistance		<u><u>\$ 831,703</u></u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL**

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of University of West Florida Foundation, Inc. (the "Foundation") with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* that could have a direct and material effect on the Foundation's major state project for the year ended June 30, 2021. The Foundation's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Opinion on Each Major State Project

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida
October 7, 2021

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the University of West Florida Foundation, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the University of West Florida Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major state project for the University of West Florida Foundation, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major state project for the University of West Florida Foundation, Inc. which are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.
7. The project tested as major was:

University Major Gifts Program (CSFA No. 48.074)
8. The threshold for distinguishing Type A and B programs was \$300,000 for the major state projects.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements which are reported in accordance with *Government Auditing Standards*.

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

None

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021
(Continued)

D. OTHER ISSUES

No Summary Schedule of Prior Year Findings is required since the Foundation did not meet the threshold for a Florida Single Audit in 2020.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

MANAGEMENT LETTER

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of University of West Florida Foundation, Inc. (the “Foundation”), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated October 7, 2021.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
October 7, 2021

To Management and the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

We have audited the financial statements of the University of West Florida Foundation, Inc. (the “Foundation”) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Foundation’s financial statements were:

Management’s estimate of the fair value and collectability of promises to give is based on signed pledge cards, historical collection rates and an analysis of the collectability of individual promises. Management’s periodic evaluation of this estimate and the underlying assumptions used are based on the Foundation’s experience, various known and inherent risks, and current economic conditions.

Management's estimate of the fair value of investments is based on various methods, which include unadjusted quoted market prices, observable inputs based on both active and inactive markets, and unobservable inputs that are supported by little market activity. Management's periodic evaluation of this estimate is based on the Foundation's experience, various known and inherent risks, and current economic conditions.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of long-term investments, related net return on investments, and fair value measurements in Note 2 to the financial statements.
- The disclosure of endowment fund investment and spending policies under Florida UPMIFA in Note 9 to the financial statements.
- The disclosure regarding the impact of COVID-19 in Note 6 and 12 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Foundation’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the following supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

- a. Schedules of Student Housing System Revenues and Expenses
- b. Schedules of Net Position (Excluding the Student Housing System)
- c. Schedules of Functional Expenses
- d. Chairs Under Eminent Scholars Program - Schedule of Receipts, Expenses and Endowment Balances
- e. Major Gifts Program - Schedule of Receipts, Expenses and Endowment Balances

Restriction on Use

This information is intended solely for the information and use of the Foundation's audit committee, Board of Directors, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Gump".

Pensacola, Florida
October 7, 2021

APPENDIX A

**University of West Florida Foundation, Inc.
 Schedule of Uncorrected Misstatements
 As of and for the Year Ended June 30, 2021**

Proposed JE # 301

Adjust SPIA beginning balances to fair market value.

10-10104	CASH @ SPIA- FOUNDATION	51,441.00	
10-10300	CASH @ SPIA - COURTELIS	12,958.00	
97-10203	CASH @ SPIA - HOUSING RESERVE	154,823.00	
97-10205	CASH @ SPIA - HOUSING OPERATING	4,206.00	
28-42400	UNREALIZED GAIN/LOSS		64,399.00
97-42400	Unrealized gain/loss		159,029.00
Total		<u>223,428.00</u>	<u>223,428.00</u>

Proposed JE # 302

To true-up fair market value to 6/30/21 investment balance per account confirmations.

10-14720	PORTFOLIO ADV V PRIV EQUITY	69,639.00	
10-14725	PORTFOLIO ADV VII PRIV EQUITY	140,273.00	
10-14730	PA DIRECT CREDIT OPPORTUNITIES FUND II	21,996.00	
10-14731	PA DIRECT CREDIT OPPORTUNITIES FUND III	67,573.00	
10-14735	PA SECONDARY FUND III (OFFSHORE), L.P.	441,198.00	
10-14740	PORTFOLIO ADV X PRIV EQUITY	444,956.00	
10-14745	PA SECONDARY FUND IV (OFFSHORE), L.P.	128,955.00	
10-14750	GOLUB CAPITAL PARTNERS	37,738.00	
29-42400	UNREALIZED GAIN/LOSS		1,352,328.00
Total		<u>1,352,328.00</u>	<u>1,352,328.00</u>

Proposed JE # 303

To record the current year effect of prior year passed audit adjustment #302.

28-34000	NET ASSETS - TEMP RESTRICTED OTHER	85,235.00	
29-42400	UNREALIZED GAIN/LOSS		85,235.00
Total		<u>85,235.00</u>	<u>85,235.00</u>

October 7, 2021

Saltmarsh, Cleaveland & Gund, CPAs
900 North 12th Avenue
P.O. Drawer 13207
Pensacola, Florida 32591-3207

This representation letter is provided in connection with your audits of the financial statements of University of West Florida Foundation, Inc., (the "Foundation"), which comprise the respective financial position as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended, and the disclosures (collectively, the "financial statements") for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 7, 2021, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 19, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Foundation required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effect of the uncorrected misstatements is immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements are attached to the representation letter as Appendix A.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Foundation is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audits.
 - c) Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Executive Committee and the Finance Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of state financial assistance.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions, including any side agreements.

Government - specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The Foundation has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related disclosures and schedule of expenditures of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of state financial assistance.
- 27) The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 28) The Foundation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 32) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 39) We have appropriately disclosed the Foundation's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. Any required filings with tax authorities are up to date.

43) With respect to the supplementary information:

- a) We acknowledge our responsibility for presenting the schedules of student housing system revenues and expenses, net position (excluding the student housing system), functional expenses, expenditures of state financial assistance, and receipts, expenses, and endowment balances for the Chairs Under Eminent Scholars Program and Major Gifts Program, in accordance with accounting principles generally accepted in the United States of America, and we believe the schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the schedules of student housing system revenues and expenses, net position (excluding the student housing system), functional expenses, expenditures of state financial assistance, and receipts, expenses, and endowment balances for the Chairs Under Eminent Scholars Program and Major Gifts Program are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

44) With respect to state financial assistance projects:

- a) We are responsible for understanding and complying with, and have complied with, the requirements of Chapter 10.650, including requirements relating to preparation of the schedule of expenditures of state financial assistance.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance ("SESFA") and related notes in accordance with the requirements of Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, State Financial Assistance, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, State Financial Assistance. The methods of measurement or presentation of the SESFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.
- c) If the SESFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SESFA no later than the date we issue the SESFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government projects and related activities subject to Chapter 10.650, Rules of Auditor General, and have included in the SESFA, expenditures made during the audit period for all projects provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of state statutes, regulations, and the terms and conditions of state projects related to each of our state projects and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state projects that are considered to have a direct and material effect on each major state project.

- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state projects that provides reasonable assurance that we are managing our state financial assistance in compliance with state statutes, regulations, and the terms and conditions of state projects that could have a material effect on our state projects. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all state grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state projects and related activities.
- h) We have received no requests from a state agency to audit one or more specific projects as a major state project.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Florida Single Audit Act, Compliance Supplement, relating to state projects and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of state projects.
- j) We have disclosed any communications from state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Florida Single Audit Act, Compliance Supplement.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state project financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) State project financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- s) The copies of state project financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to state projects in accordance with applicable cost principles.
- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

The Foundation has evaluated the impacts of the COVID-19 outbreak and has taken appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The Foundation is continually monitoring the potential impacts of the pandemic on the Foundation's operations.

As provided by you, we have read and reviewed a copy of the draft financial statements for the Foundation for the year ended June 30, 2021 and accept full responsibility for the amounts and disclosures contained therein. We have also reviewed any audit adjustments proposed by you during your recent examination, all of which have been previously discussed.

We approve the draft and all audit adjustments by signing below and authorize you to issue final reports. The number of final reports requested total 6.

Signature:



Mr. Rodney Sutton, Board Treasurer

Signature:



Daniel Lucas, Chief Financial Officer

APPENDIX A

University of West Florida Foundation, Inc. Schedule of Uncorrected Misstatements As of and for the Year Ended June 30, 2021

Proposed JE # 301

Adjust SPIA beginning balances to fair market value.

10-10104	CASH @ SPIA- FOUNDATION	51,441.00	
10-10300	CASH @ SPIA - COURTELIS	12,958.00	
97-10203	CASH @ SPIA - HOUSING RESERVE	154,823.00	
97-10205	CASH @ SPIA - HOUSING OPERATING	4,206.00	
28-42400	UNREALIZED GAIN/LOSS		64,399.00
97-42400	Unrealized gain/loss		159,029.00
Total		<u>223,428.00</u>	<u>223,428.00</u>

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To true-up fair market value to 6/30/21 investment balance per account confirmations.

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10-14735	PA SECONDARY FUND III (OFFSHORE), L.P.	441,198.00	
10-14740	PORTFOLIO ADV X PRIV EQUITY	444,956.00	
10-14745	PA SECONDARY FUND IV (OFFSHORE), L.P.	128,955.00	
10-14750	GOLUB CAPITAL PARTNERS	37,738.00	
29-42400	UNREALIZED GAIN/LOSS		1,352,328.00
Total		<u>1,352,328.00</u>	<u>1,352,328.00</u>

Proposed JE # 303

To record the current year effect of prior year passed audit adjustment #302.

28-34000	NET ASSETS - TEMP RESTRICTED OTHER	85,235.00	
29-42400	UNREALIZED GAIN/LOSS		85,235.00
Total		<u>85,235.00</u>	<u>85,235.00</u>

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: External Audit: Intercollegiate Athletics Financial Statement Audit for Fiscal Year Ending June 30, 2021

Proposed action: Acceptance

Background information:

A financial audit of UWF Intercollegiate Athletics has been completed. Every third year NCAA Agreed Upon Procedures are audited, and our practice has been to have an audit conducted by a public accounting firm in the other two years, including 2020/21. We performed a cursory review of the documents.

Results:

Intercollegiate Athletics received a clean unqualified opinion. No deficiencies were identified in the internal controls over financial reporting that were considered to be material weaknesses. Results of testing disclosed no instances of noncompliance or other matters that were required to be reported.

Financial Highlights:

- Total net position at June 30, 2021 was \$1,742,518, an increase of \$903,326 compared to 2020.
- Nonoperating revenues increased for the year ended June 30, 2021 primarily due to the receipt of HEERF II Institutional Aid funds of \$607,186 related to the loss of sports ticket sales revenue caused by the Covid 19 pandemic.

Recommendation: Acceptance

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of activities affiliated with or through the University of West Florida.

Supporting documents:

Intercollegiate Athletics Financial Statements for fiscal year ended June 30, 2021
Audit Communication Letter and Management Representation Letters for fiscal year ended June 30, 2021

Prepared by: Elizabeth Mrachek, Internal Auditor, emrachek@uwf.edu, 474-2636

Presenter: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 474-2637

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
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JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees,
University of West Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of West Florida Department of Intercollegiate Athletics as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University of West Florida Department of Intercollegiate Athletics basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial net position of the University of West Florida Department of Intercollegiate Athletics as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1, the financial statements of the University of West Florida Department of Intercollegiate Athletics are intended to present the financial position, changes in financial position and cash flows of only that portion of the University of West Florida that is attributable to the transactions of the University of West Florida Department of Intercollegiate Athletics. They do not purport to, and do not, present fairly the financial position of the University of West Florida, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as indicated in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

The additional information included as indicated in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Emphasis of Matter – COVID-19

As discussed in Note 12, the COVID-19 pandemic is creating substantial negative impacts to the Department's operations and financial position. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while the Department cannot reasonably estimate the length or severity of this pandemic, management believes that a material impact on the Department's future financial position and results of future operations is likely. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2022, on our consideration of the University of West Florida Department of Intercollegiate Athletics internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 University of West Florida Department of Intercollegiate Athletics' internal control over financial reporting and compliance.

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

Tallahassee, Florida
January 14, 2022

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

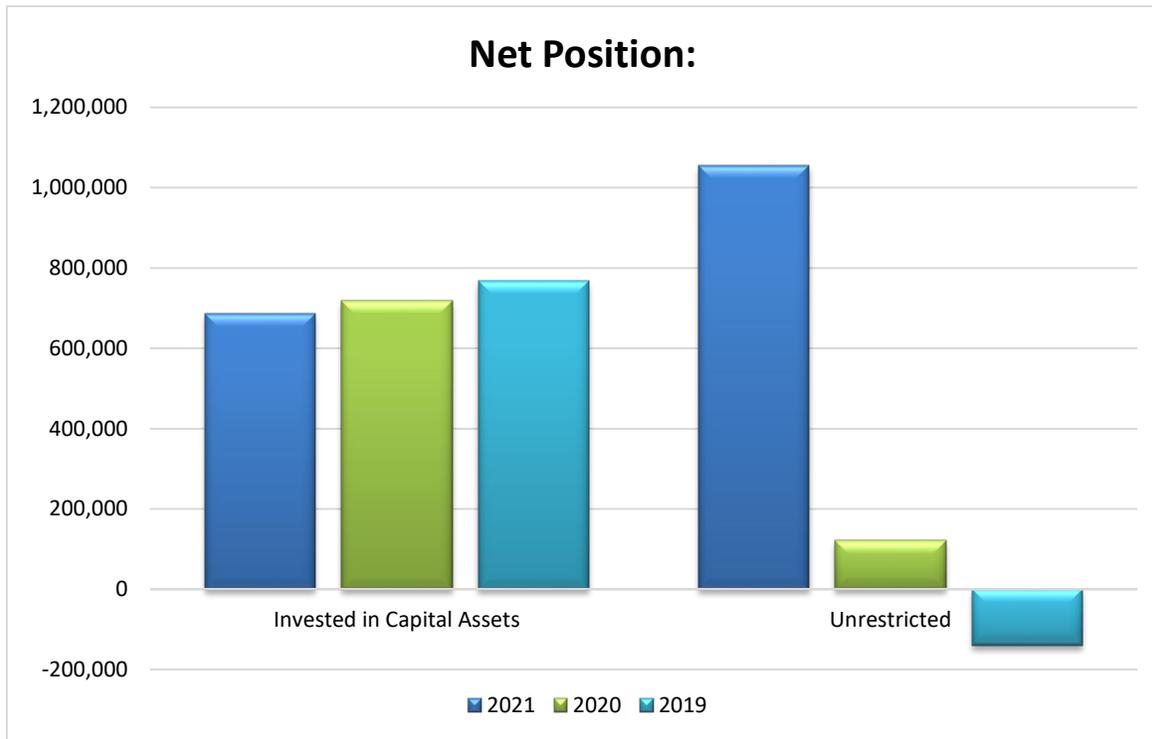
Management's discussion and analysis (MD&A) of the University of West Florida Department of Intercollegiate Athletics (The Department) provides an overview of the Department's financial position and activities for the fiscal years ended June 30, 2021 and June 30, 2020, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB 35, the Department's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

FINANCIAL HIGHLIGHTS

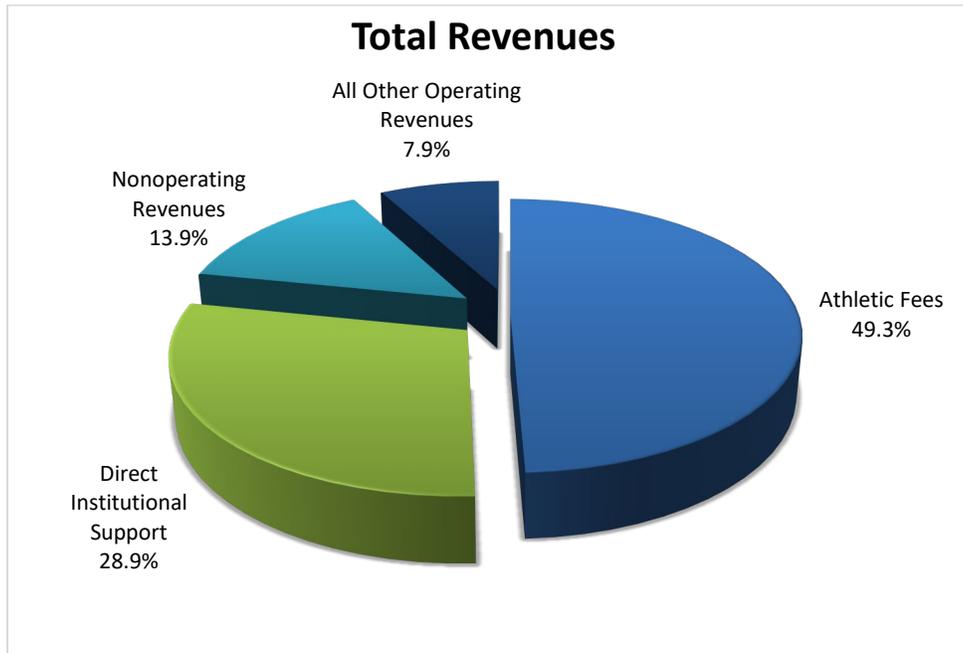
The Department's net position by category at June 30, 2021, 2020, and 2019, is shown in the following graph:



Unrestricted net position increased by \$934,510 during fiscal year ended June 30, 2021, which can be primarily attributed to receipts of federal grant aid, Higher Education Emergency Relief Funds (HEERF), based on estimated lost sports revenues. Net investment in capital assets decreased by \$31,184, as net purchases and disposals were less than depreciation.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)**

The following chart provides a graphical presentation of the Department's revenues by category for the fiscal year ended June 30, 2021:



The economic position of the Department is closely tied to enrollment. For the fiscal year ended June 30, 2021, fee revenues comprised approximately 49 percent of the Department's total operating and nonoperating revenues and were the largest source of funding. Direct institutional support comprised 28.9 percent of total revenues, which primarily consisted of administrative overhead fee support and out of state student fee waivers. All other operating revenues, comprising 7.9 percent of total revenue, was predominantly from booster contributions, sponsorships, athletic event ticket sales, and National Collegiate Athletic Association (NCAA) distributions. Nonoperating revenues amounted to 13.9 percent of total revenues, which substantially consisted of state appropriations and COVID-19 Relief federal aid.

During fiscal year ended June 30, 2021, the Department's revenues exceeded expenses, increasing net position to \$903,326. Revenue from student athletic fees decreased slightly from \$5,402,470 in 2020 to \$5,393,989. Direct institutional support revenue, including administrative overhead fee support, matriculation waivers, out of state student fee waivers, and university scholarship support decreased from \$3,689,788 in 2020 to \$3,159,688. Total operating expenses decreased from \$11,025,619 to \$10,044,313. Personnel services expense decreased from \$4,284,317 to \$4,058,841. Student athlete scholarships increased from \$2,818,490 in 2020 to \$2,980,954. Travel expenses decreased by \$429,527 during 2021, as tournament travel decreased, and some travel expenses for various sports decreased due to COVID-19 game cancellations. The other operating expenses declined from \$2,833,411 in 2020 to 2,360,113. Other operating expenses decreased primarily due to less money spent on equipment, uniforms, supplies, medical expenses and insurance, as well as repairs and maintenance.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

The outbreak of the novel strain of Coronavirus, specifically identified as “COVID-19,” was classified as a global pandemic in March 2020. This resulted in governments enacting emergency measures such as travel bans, quarantine periods, and social distancing requirements to combat the spread of the virus. These measures caused a material disruption to businesses globally resulting in an economic slowdown. Governments reacted with significant monetary and fiscal interventions such as the CARES grants investments designed to stabilize economic conditions. In March 2020, the University moved to an online learning platform for the remainder of the academic year but returned in the Fall 2020 semester with a mixture of in-person and online courses. The duration of the outbreak and economic impacts are uncertain at this time as variants continue to evolve. HEERF II (CRRSAA) Institutional Aid funds of \$602,706 in the form of lost revenue were recorded in the current year due to the loss of sports ticket sales revenue caused by the Pandemic

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Department and on its activities in a way that helps the reader determine if the Department is in a better condition from one year to the next. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Department’s operating results.

These two statements report the Department’s net position and changes in it. The Department’s net position amount, the difference between assets and liabilities, is one way to measure the Department’s financial health or financial condition. Over time, the increases or decreases in the Department’s net position are an indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors—such as certain trends in the NCAA funding, NCAA ranking, student enrollment and retention, recruitment, condition of facilities and sponsorships— is also essential in assessing the overall health of the Department.

The statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position presents the assets, liabilities, and net position of the Department as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the Department at a certain point in time. The statement of net position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the Department. Readers are also able to determine how much the Department owes vendors, employees, and others. Finally, the statement of net position provides a picture of the net position (assets minus liabilities) and its availability for use by the Department. Net position for the Department is classified as either invested in capital assets or unrestricted. Unrestricted net position is available for any lawful purpose.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

The following table summarizes the Department's assets, liabilities, and net position at June 30:

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current Assets	\$ 1,926,270	\$ 935,203	\$ 683,189
Capital Assets, Net	<u>687,200</u>	<u>718,384</u>	<u>767,237</u>
Total Assets	<u>2,613,470</u>	<u>1,653,587</u>	<u>1,450,426</u>
Liabilities			
Current Liabilities	240,001	226,438	235,131
Noncurrent Liabilities	<u>630,951</u>	<u>587,957</u>	<u>587,553</u>
Total Liabilities	<u>870,952</u>	<u>814,395</u>	<u>822,684</u>
Net Assets			
Invested in Capital Assets	687,200	718,384	767,237
Unrestricted	<u>1,055,318</u>	<u>120,808</u>	<u>(139,495)</u>
Total Net Assets	<u>\$ 1,742,518</u>	<u>\$ 839,192</u>	<u>\$ 627,742</u>
Increase (Decrease) in Net Assets	<u>\$ 903,326</u>	<u>\$ 211,450</u>	<u>\$ (275,734)</u>

Current Assets increased by \$991,067 for fiscal year ended June 30, 2021, mainly due to an increase in cash reserves. During the fiscal year ended June 30, 2020, current assets increased by \$252,014. Net depreciable capital assets decreased by \$31,184 in 2021. In 2020, net depreciable capital assets decreased by \$48,853.

Changes in total net position, as presented on the statement of net position, are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues received, both operating and nonoperating, and the expenses paid, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the Department.

Operating revenues are received for providing goods and services to the various customers and constituencies of the Department. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Department. Nonoperating revenues are revenues received for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the Legislature without the Legislature directly receiving commensurate goods and services for those revenues.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

A summary of revenues and expenses of the Department for the fiscal years ended June 30, 2021, 2020, and 2019 is presented in the following table:

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 9,421,074	\$ 10,356,196	\$ 10,529,166
Operating Expenses	<u>(10,044,313)</u>	<u>(11,025,619)</u>	<u>(11,937,154)</u>
Operating Income (Loss)	(623,239)	(669,423)	(1,407,988)
Nonoperating Revenues	<u>1,526,565</u>	<u>880,873</u>	<u>1,132,254</u>
Excess (Deficiency) of Revenues over Expenses	903,326	211,450	(275,734)
Net Position, Beginning of Year	<u>(64,284)</u>	<u>(275,734)</u>	-
Net Position, End of Year	<u>\$ 839,042</u>	<u>\$ (64,284)</u>	<u>\$ (275,734)</u>

Student athletic fees of \$5,393,989, \$5,402,470, and \$5,438,337 for 2021, 2020, and 2019, respectively, are included in operating revenues and are shown at gross amounts received.

The Department's operating expenses by natural classification for the fiscal years ended June 30, 2021, 2020, and 2019 are presented in the following table:

Operating Expenses

<u>Natural Classification</u>	<u>2021</u>	<u>Percent</u>	<u>2020</u>	<u>Percent</u>	<u>2019</u>	<u>Percent</u>
Personnel Services	\$ 4,058,841	40.4%	\$ 4,284,317	38.9%	\$ 4,187,541	35.1%
Athletic Scholarships	2,980,954	29.7%	2,818,490	25.6%	2,950,773	24.7%
Other Scholarships	91,968	0.9%	119,126	1.1%	141,230	1.2%
Travel	440,018	4.4%	869,545	7.9%	919,701	7.7%
Depreciation	112,419	1.1%	100,730	0.9%	100,069	0.8%
Other Operating Expenses	<u>2,360,113</u>	<u>23.5%</u>	<u>2,833,411</u>	<u>25.7%</u>	<u>3,637,840</u>	<u>30.5%</u>
Total	<u>\$ 10,044,313</u>	<u>100%</u>	<u>\$ 11,025,619</u>	<u>100%</u>	<u>\$ 11,937,154</u>	<u>100%</u>

Personnel Service expenses decreased by \$225,476 for the fiscal year ended June 30, 2021, due to University salary cost-of-living freeze due to the Pandemic.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)**

THE STATEMENT OF CASH FLOWS

Another important factor to consider when evaluating the Department's financial viability is its ability to meet its financial obligations as they become due. The statement of cash flows helps in this evaluation. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities. The statement of cash flows also helps users assess:

- The Department's ability to generate future net cash flows.
- The need for external financing.

A summary of the Department's cash flows for the fiscal years ended June 30, 2021, 2020, and 2019, is presented in the following table:

Condensed Statements of Cash Flows

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash Provided by (Used in):			
Operating Activities	\$ (1,098,507)	\$ (651,992)	\$ (1,265,518)
Noncapital Financing Activities	1,472,564	824,077	879,347
Capital and Related Financing Activities	(54,755)	(6,501)	-
Investing Activities	<u>27,520</u>	<u>11,419</u>	<u>11,985</u>
Net Increase (Decrease) in Cash and Cash Equivalents	346,822	177,003	(374,186)
Cash and Cash Equivalents, Beginning of the Year	<u>675,726</u>	<u>498,723</u>	<u>872,909</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 1,022,548</u>	<u>\$ 675,726</u>	<u>\$ 498,723</u>

The primary cash receipts from operating activities consist of student athletic fees and direct institutional support. Primary cash outlays include payments for salaries, benefits, supplies, travel expenses, and scholarships.

In most years, State of Florida appropriations are the primary source of noncapital financing inflows. During fiscal year June 30, 2021 the state appropriations increased by \$29,327. The federal COVID-19 assistance in the form of lost revenue recovery was \$607,186.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)**

CONTACTING MANAGEMENT

This financial narrative is designed to provide the reader with a general overview of the University of West Florida's Department of Intercollegiate Athletics finances and to show the Department's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the University of West Florida, Controller's Office:

University of West Florida
Attn: Controller's Office
11000 University Parkway
Bldg. 20-E, Room 108-E
Pensacola, FL 32514
850-474-2759

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 1,022,548	\$ 675,726
Accounts receivable, net of allowance for doubtful accounts of \$77,394 and \$49,579 at June 30, 2021 and 2020, respectively	240,401	255,359
Due from other funds	620,573	1,983
Prepaid expenses	42,748	2,135
Total current assets	1,926,270	935,203
 Capital assets, net of accumulated depreciation of \$715,199 and \$602,780 in 2021 and 2020, respectively	 687,200	 718,384
 Total assets	 2,613,470	 1,653,587
 <u>LIABILITIES</u>		
Current liabilities		
Accounts payable	10,495	-
Accrued expenses	193,029	170,432
Compensated absences, current	36,477	44,577
Unearned revenue	-	11,429
Total current liabilities	240,001	226,438
 Noncurrent liabilities		
Compensated absences, less current portion	630,951	587,957
 Total liabilities	 870,952	 814,395
 <u>NET POSITION</u>		
Net position		
Net investment in capital assets	687,200	718,384
Unrestricted	1,055,318	120,808
Total net position	\$ 1,742,518	\$ 839,192

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

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Student athletic fees	\$ 5,393,989	\$ 5,402,470
Direct institutional support	3,159,688	3,689,788
Sales and services of auxiliary enterprises	17,069	313,062
Other operating revenue	850,328	950,876
Total revenues	<u>9,421,074</u>	<u>10,356,196</u>
Operating expenses		
Personnel services	4,058,841	4,284,317
Athletic scholarships	2,980,954	2,818,490
Other scholarships	91,968	119,126
Travel	440,018	869,545
Depreciation	112,419	100,730
Other	2,360,113	2,833,411
Total expenses	<u>10,044,313</u>	<u>11,025,619</u>
Operating loss	<u>(623,239)</u>	<u>(669,423)</u>
Nonoperating revenues (expenses)		
State appropriations	869,858	840,531
Capital contributions	26,481	45,377
Interest income	27,520	11,419
Other nonoperating revenues (expenses)	602,706	(16,454)
Total nonoperating revenues (expenses)	<u>1,526,565</u>	<u>880,873</u>
Excess (deficiency) of revenues over (under) expenses	<u>903,326</u>	<u>211,450</u>
Net position, beginning of year	839,192	627,742
Net position, end of year	<u>\$ 1,742,518</u>	<u>\$ 839,192</u>

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

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Cash flows from operating activities		
Student athletic fees	\$ 5,393,989	\$ 5,402,470
Direct institutional support	2,192,928	2,893,815
Sales and services of auxiliary enterprises	17,069	313,062
Other operating receipts	235,268	863,409
Payments to employees	(4,001,350)	(4,253,815)
Payments to suppliers for goods and services	(2,830,249)	(3,729,290)
Payments to students for scholarships	(2,106,162)	(2,141,643)
Net cash used in operating activities	(1,098,507)	(651,992)
Cash flows from noncapital financing activities		
State Appropriations	869,858	840,531
Other non-operating revenue (expenses)	602,706	(16,454)
Net cash provided by noncapital financing activities	1,472,564	824,077
Cash flows from capital and related financing activities		
Purchase of fixed assets	(54,755)	(6,501)
Cash flows from investing activities		
Interest income	27,520	11,419
Increase (decrease) in cash and cash equivalents	346,822	177,003
Cash and cash equivalents, beginning of year	675,726	498,723
Cash and cash equivalents, end of year	\$ 1,022,548	\$ 675,726
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (623,239)	\$ (669,423)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	112,419	100,730
Changes in assets and liabilities:		
Accounts receivable, net	14,959	(82,938)
Due from other funds	(618,590)	1,595
Prepaid expenses	(40,613)	6,333
Accounts payable and accrued expenses	33,092	(10,291)
Compensated absences	34,894	8,126
Unearned revenues	(11,429)	(6,124)
Net cash used in operating activities	\$ (1,098,507)	\$ (651,992)
Supplemental schedule of non cash investing and financing activities		
Capital contributions from UWF Foundation	\$ 26,481	\$ 45,375

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

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Department is an auxiliary enterprise of the University of West Florida (the University) located in Pensacola, Florida and conducts various intercollegiate athletic programs. The University is a separate public instrumentality that is part of the State University System of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members, and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law, the Board of Governors regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation

The Department's accounting policies conform to accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

In November 1999, the Governmental Accounting Standards Board issued GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB allows departments of public universities various reporting options. The Department has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

Basis of Accounting

Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

As stated previously, the Department follows the reporting guidelines of the University. The financial statements of the Department include those economic resources of the University that are expendable for operational purposes in performing the primary objectives of the Department. The financial statements of the Department do not purport to present the financial position or results of operations of the University as a whole. A portion of the Department is, however, accounted for and reported by the University of West Florida Foundation, Inc. (Foundation), which is a separate legal entity.

The Statement of Net Position is presented in a classified format to distinguish between current and noncurrent assets and liabilities.

The Statement of Revenues, Expenses and Changes in Net Position is presented by major sources and is reported at gross amounts received.

The Statement of Cash Flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Accounts Receivable

Accounts receivable are stated at their net realizable value. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Management has concluded that realization of losses on balances outstanding at year end will be immaterial.

Capital Assets

Capital assets of the Department consist of building structures, furniture, equipment, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property and \$50,000 for new buildings and building improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets.

- Building Structures – 10 to 50years
- Furniture and Equipment – 5 to 20years
- Computer Software – 5 years

Unearned Ticket Sales Revenue

Unearned revenue consists of funds received by the Department before the end of the fiscal year and earned the following fiscal year. The Department issued advance ticket sales for football games.

Income Taxes

The Department is an auxiliary enterprise of the University, which is a part of the State University System of Florida. Accordingly, substantially all income generated by the Department is exempt from federal and state income taxes. Any income tax incurred is reported within the nonoperating expense category.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Athletic Fees

The University charges an athletic fee to students for each semester enrolled and for each enrolled credit hour. Athletic fees for semesters that cross fiscal years are recognized during the year in which the semester is predominantly conducted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sales Tax on Athletic Event Tickets

In accordance with Chapter 1006, Section 71, Florida Statutes, the Department retains an amount equal to the sales taxes collected from ticket sales to athletic events for use in the support of women's athletic programs.

Net Position

Net position is classified and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.
- Restricted – consists of net assets that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provision or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted – consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Department's policy to use the restricted resources first, followed by the use of the unrestricted resources, as they are needed.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2021, all the Department's cash and cash equivalents were held with the University's pooled funds. At June 30, 2021 and 2020, the carrying amount and fair value of the Department's cash and cash equivalents were \$1,022,548 and \$675,726, respectively.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following amounts at June 30:

	<u>2021</u>	<u>2020</u>
University of West Florida	\$ 225,811	\$ 224,971
Ticket Sales	69,872	66,873
Other	22,112	13,094
Total	<u>317,795</u>	<u>304,938</u>
Less: Allowance for doubtful accounts	<u>(77,394)</u>	<u>(49,579)</u>
Accounts receivable, net	<u>\$ 240,401</u>	<u>\$ 255,359</u>

The Department has no policy requiring collateral or other security to support its accounts receivable.

NOTE 4 – UNEARNED REVENUE

Unearned revenue for advanced football ticket sales decreased by \$11,429 from the football season of 2020 to the 2021 football season. The advanced ticket sales for the 2020 season were either refunded or donated by the purchaser to the UWF Foundation as no football games were played during the 2020 season due to COVID-19 restrictions.

Unearned revenue consists of the following amounts for advanced ticket sales for football at June 30:

	<u>2021</u>	<u>2020</u>
Advance Ticket Sales	\$0	\$11,429

NOTE 5 – COMPENSATED ABSENCES

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors’ Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee, and records are kept on each employee’s unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of a liability for compensated absences without the corresponding recognition of such future resources results in a reduction of current year Net Position.

At June 30, 2021 and 2020, the estimated liability for compensated absences was \$667,427 and \$632,534, respectively. The current compensated absences liability, totaling \$36,477 and \$44,577 at June 30, 2021 and 2020, respectively, is based on actual payouts over the last three years calculated as a percentage of those years’ total compensated absences liability.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – COMPENSATED ABSENCES (Continued)

Changes in the liability for compensated absences for the years ended June 30, 2021 and 2020 were as follows:

Beginning Balance June 30, 2020	Additions	Reductions	Ending Balance June 30, 2021	Current Portion
<u>\$ 632,534</u>	<u>\$ 673,342</u>	<u>\$ 638,449</u>	<u>\$ 667,427</u>	<u>\$ 36,477</u>

Beginning Balance June 30, 2019	Additions	Reductions	Ending Balance June 30, 2020	Current Portion
<u>\$ 624,408</u>	<u>\$ 656,403</u>	<u>\$ 648,277</u>	<u>\$ 632,534</u>	<u>\$ 44,577</u>

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance July 1, 2020	Additions	Decreases	Ending Balance June 30, 2021
Capital assets being depreciated:				
Building Structures	\$ 494,901	\$ -	\$ -	\$ 494,901
Furniture and fixtures	62,861	-	-	62,861
Equipment	763,402	81,235	-	844,637
Total capital assets being depreciated	1,321,164	81,235	-	1,402,399
Less: Accumulated depreciation	602,780	112,419	-	715,199
Total capital assets, net	<u>\$ 718,384</u>	<u>\$ (31,184)</u>	<u>\$ -</u>	<u>\$ 687,200</u>

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance July 1, 2019	Additions	Decreases	Ending Balance June 30, 2020
Capital assets being depreciated:				
Building Structures	\$ 494,901	\$ -	\$ -	\$ 494,901
Furniture and fixtures	62,861	-	-	62,861
Equipment	<u>724,637</u>	<u>51,876</u>	<u>13,111</u>	<u>763,402</u>
Total capital assets being depreciated	1,282,399	51,876	13,111	1,321,164
Less: Accumulated depreciation	<u>515,161</u>	<u>100,730</u>	<u>13,111</u>	<u>602,780</u>
Total capital assets, net	<u>\$ 767,238</u>	<u>\$ (48,854)</u>	<u>\$ -</u>	<u>\$ 718,384</u>

NOTE 7 – THE UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the University. The Foundation expends significant resources for, or on behalf of, the Department. The other revenues category on the Statements of Revenues, Expenses and Changes in Net Position includes revenue from the Foundation in the amounts of \$506,455 and \$409,454 for the fiscal years ended June 30, 2021 and 2020, respectively. Revenue from the Foundation during the fiscal year ended June 30, 2021 and 2020 includes capital contributions of \$26,481 and \$40,377, respectively, for capital asset equipment additions. Revenues and expenditures for, or on behalf of, the Department that flow through the Foundation are included in the records of the Department.

Although the Foundation is chartered as a private nonprofit organization, it is operated solely for the benefit of the University and its mission of teaching, research, and service. It serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. It does not serve any private causes but benefits the public generally.

NOTE 8 – RETIREMENT PLANS

General State Employees' Retirement System

The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 – RETIREMENT PLANS (Continued)

General State Employees' Retirement System (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Sections 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

State University System Optional Retirement Program

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 – RETIREMENT PLANS (Continued)

State University System Optional Retirement Program (Continued)

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.56 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.71 percent, and employees contributed 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

Disclosures pertaining to the University's retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University's financial statements. The Department's contributions to the plans for the years ended June 30, 2021 and 2020 were \$231,428 and \$229,119 respectively.

NOTE 9 – POSTEMPLOYMENT BENEFITS

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University or its component units, University of West Florida Foundation, Inc., West Florida Historic Preservation, Inc., and UWF Business Enterprises, Inc., are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Disclosures pertaining to the University's postemployment benefits are required by Statement No. 75 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2021 and 2020.

NOTE 10 – RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2020-21 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – RISK MANAGEMENT PROGRAMS (Continued)

per occurrence were commercially insured up to \$62.75 million for named windstorm and flood through February 14, 2021, and decreased to \$57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

Medical insurance coverage for the Department's student athletic programs is provided through purchased commercial insurance.

NOTE 11 – SUBSEQUENT EVENTS

In August 2015, UWF BOT entered into an agreement with TicketReturn, LLC for the benefit of the Department of Intercollegiate Athletics to enhance the processes for distributing tickets and tracking attendance at events. In August 2020, TicketReturn, LLC was unresponsive to requests for payment of ticket sales. In October 2020, the office of UWF General Counsel sent a demand letter requesting that the full amount of \$69,847 due be paid. An allowance for bad debt is estimated as \$35,973 based on standard aging criteria of amounts older than 180 days as of June 30, 2021.

NOTE 12 – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. At that time, the University closed its dormitories and moved to an online learning platform for the remainder of the academic year, but returned in the Fall 2020 semester with a mixture of in person and online courses. The dormitory closure resulted in a decision to refund a pro-rated amount of housing fees and meal plans to students no longer living on campus. The funding source of these refunds was federal stimulus monies received by the University, as CARES Institutional Aid. As mentioned in the Management Discussion & Analysis HEERF II (CRRSAA) institutional aid funds of \$607,186 were recorded in the current year due to loss of sports tickets sales revenues caused by the Pandemic.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 – RISK AND UNCERTAINTIES (Continued)

The University and the DSO's have also evaluated the impact of COVID-19 on their respective investments.

While it is reasonably possible the pandemic could have a negative impact on the fair value of their investments, the impact is not readily determinable as of the date of these financial statements. The financial statements do not contain any adjustment that might result from the outcome of this uncertainty.

The University and the DSO's are continually monitoring the potential impacts of the COVID-19 pandemic and its effects on the financial statements. The extent to which the COVID-19 pandemic impacts the operations going forward, including the participation in student athletic sporting events, will depend on numerous evolving factors, which cannot be reliably predicted.

ADDITIONAL INFORMATION

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
SCHEDULE OF REVENUES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
UNAUDITED**

	2021	2020
Operating revenues		
Student athletic fees	\$ 5,393,989	\$ 5,402,470
Direct institutional support		
Administrative overhead fee support	1,459,349	2,266,045
Athletic matriculation	691,579	584,769
Out of state fee waivers	966,760	795,974
University scholarship support	42,000	43,000
Total direct institutional support	3,159,688	3,689,788
Sales and services of auxiliary enterprises		
Ticket sales	15,878	291,220
Surcharge on admissions	1,191	21,842
Total sales and services of auxiliary enterprises	17,069	313,062
Other operating revenue		
Awards	-	3,500
Booster contributions--UWF Foundation	506,455	409,453
Field and facility rentals	7,533	4,965
Fundraising	10,579	8,276
Game guarantees	800	-
NCAA & conference distribution/reimbursements	81,839	129,606
Program sales/concessions/novelty sales	25,350	34,765
Royalties/advertisements/sponsorships	130,725	248,290
Sports camps	11,342	40,117
Tournament entry/cancellation fees/banquet fees	1,700	16,043
Other operating revenue--misc	74,005	55,861
Total other operating revenue	850,328	950,876
Total operating revenues	9,421,074	10,356,196
Nonoperating revenues		
Education and general	869,858	840,531
Capital contributions	26,481	45,377
Interest income	27,520	11,419
Other nonoperating revenue	612,684	-
Total nonoperating revenues	1,536,543	897,327
Total operating and nonoperating revenues	\$ 10,957,617	\$ 11,253,523

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
UNAUDITED

	2021	2020
Operating expenses		
Personnel services		
Salary expenditures	\$ 3,767,663	\$ 3,915,932
Other personnel services	291,178	368,385
Total personnel services	4,058,841	4,284,317
Athletic scholarships	2,980,954	2,818,490
Other scholarships	91,968	119,126
Travel	440,018	869,545
Depreciation	112,419	100,730
Other operating expenses		
Direct facilities and maintenance	144,729	302,462
Dues and memberships	36,286	41,529
Equipment, uniforms, supplies	643,668	887,953
Fundraising, marketing and promotion	5,836	4,591
Game guarantees	-	24,253
Game officials	38,310	80,051
Insurance	95,512	100,312
Medical expenses and insurance	349,044	210,750
Other operating expenses--Misc	1,046,728	1,181,510
Total other operating expenses	2,360,113	2,833,411
Total operating expenses	\$ 10,044,313	\$ 11,025,619
 Nonoperating expenses		
Nonoperating expenses	9,978	16,454
Total nonoperating expenses	9,978	16,454
 Total operating and nonoperating expenses	\$ 10,054,291	\$ 11,042,073

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

To the Board of Trustees,
University of West 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 University of West Florida Department of Intercollegiate Athletics (the "Department") as of and for the year ended June 30, 2021, and related notes to the financial statements which collectively comprise the Department's basic financial statements and have issued our report thereon dated January 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
January 14, 2022



January 14, 2022

To the Board of Trustees,
University of West Florida
Department of Intercollegiate Athletics

We have audited the financial statements of University of West Florida Department of Intercollegiate Athletics (the Department) as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated January 14, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 29, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the years ended June 30, 2021 and 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets' useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the basic financial statements.

Management's estimate of the allowance for doubtful accounts is based on the expected collectability of receivables. We evaluated the key factors and assumptions used to develop the estimate of allowance for doubtful accounts in determining that it is reasonable in relation to the basic financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting University of West Florida Athletics' financial statements relate to risks and uncertainty.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 14, 2022.

Management's Consultations with Other Accountants

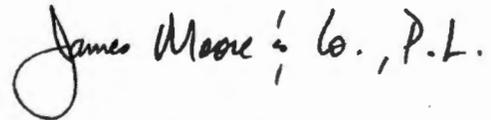
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditors.

This report is intended solely for the information and use of management and the Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE CO., P.L.



Office of the Controller
11000 University Parkway
Building 20E
Pensacola, FL 32514

January 14, 2022

James Moore & Co., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of University of West Florida Athletics Department of Intercollegiate Athletics (the Department), which comprise the statement of financial position as of 2021 and 20 and the related statements of revenues, expenses and change in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 14, 2021.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 29, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

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- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:

- The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Department as of February 9, 2021 management believes that a material impact on the Department's financial position and results of future operations is reasonably possible.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud, suspected fraud, or abuse that affects the Department and involves:
 - Management,
 - Employees who have significant roles in internal control, or

- Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, suspected fraud, or abuse affecting the Department's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Department's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Department has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Department is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- Required supplementary information (MD&A) is measured and presented within the prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.

DocuSigned by:
Signature: Carole W. Reed
C681536CCAC8425...

Title: Associate Controller

DocuSigned by:
Signature: Amy Robinson
10750563F15A4CD...

Title: Athletics Business Manager

UWF Board of Trustees Meeting
Audit and Compliance Committee
February 17, 2022

Issue: External Audit: Financial Statement Audit — Florida Institute of Human and Machine Cognition (IHMC) for Fiscal Year Ending June 30, 2021

Proposed action: Acceptance

Background information:

The Florida Institute for Human and Machine Cognition (IHMC) audit has been completed for fiscal year ending June 30, 2021.

In reference to the IHMC, section 1004.447(9), Florida Statutes provides: "The Board of Trustees of the University of West Florida shall annually certify to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Board of Governors that the corporation and its authorized subsidiaries are complying with the requirements of this section and are acting in the best interests of the state."

Per the Affiliation Agreement between UWF Board of Trustees and the IHMC, dated April 30, 2004, Item 9 states:

"9. Financial Audit. The IHMC, at its sole expense, shall have an independent certified public accountant prepare an annual postaudit of the corporation's financial accounts and the financial accounts of any authorized and approved subsidiary. Copies of the annual audit report shall include management letters and the IHMC shall submit to the University of West Florida Board of Trustees, the Auditor General, and the Board of Governors for review."

Results:

To ensure compliance with the agreement, we performed a cursory review and determined that compliance regarding the annual financial audit exists.

The independent auditor's report expressed an unmodified opinion. The audit report did not identify any material weaknesses in the internal control system and no instances of non-compliance were noted. The auditor's report on compliance for each major federal award program for IHMC expressed an unmodified opinion.

Financial Highlights:

- Net property and equipment as of June 30, 2021 was \$17,990,550.
- Long term debt as of June 30, 2021 was \$8,192,422.

Recommendation: Acceptance

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

Supporting document:

Financial Statement Audit Report for the Florida Institute of Human and Machine Cognition for fiscal year ending June 30, 2021

Prepared by: Elizabeth Mrachek, Internal Auditor, emrachek@uwf.edu, 474-2636

Presenter: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 474-2638

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida Institute for Human and Machine Cognition, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Institute for Human and Machine Cognition, Inc. ("IHMC") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IHMC as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of IHMC’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 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 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 IHMC’s internal control over financial reporting and compliance.



Pensacola, Florida
December 17, 2021

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets:		
Cash	\$ 4,439,584	\$ 4,605,267
Restricted cash held by trustee	654,875	638,125
Grants and contracts receivables	4,695,159	4,313,843
Prepaid expenses	204,561	126,997
Total current assets	9,994,179	9,684,232
 Property and Equipment, net	 17,990,550	 18,498,700
Other Assets:		
Deposits	14,522	11,522
 Total Assets	 \$ 27,999,251	 \$ 28,194,454

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current maturities of long-term debt	\$ 745,596	\$ 713,420
Accounts payable	2,529,574	1,910,656
Accrued payroll and related liabilities	781,687	641,059
Accrued interest	79,875	88,125
Refundable advances	516,426	634,504
Total current liabilities	4,653,158	3,987,764
 Long-Term Debt, less current maturities	 7,406,523	 8,146,655
 Total liabilities	 12,059,681	 12,134,419
Net Assets:		
Without donor restrictions	15,809,468	15,939,694
With donor restrictions	130,102	120,341
Total net assets	15,939,570	16,060,035
 Total Liabilities and Net Assets	 \$ 27,999,251	 \$ 28,194,454

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

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Change in Net Assets Without Donor Restrictions:		
Support, Revenue and Reclassifications:		
Research and development grants and contracts -		
Federal grants	\$ 3,607,094	\$ 5,843,264
Other grants and contracts	17,742,498	10,907,729
Legislative appropriation	2,739,184	3,739,184
Contributions	765,754	1,385,357
Other revenue	156,668	71,023
Net assets released from restrictions	20,239	57,723
	25,031,437	22,004,280
Expenses:		
Program services -		
Research and development grants and contracts	22,145,803	17,451,091
Other program services	60,000	104,127
Total program services	22,205,803	17,555,218
Supporting services -		
Fundraising services -		
Salaries and employee benefits	-	53,765
Other fundraising expenses	-	5,000
	-	58,765
General and administrative	2,955,860	3,406,234
Total supporting services	2,955,860	3,464,999
	25,161,663	21,020,217
Change in net assets without donor restrictions from operating activities	(130,226)	984,063

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

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020
(Continued)

	<u>2021</u>	<u>2020</u>
Change in Net Assets With Donor Restrictions:		
Contributions	30,000	67,718
Net assets released from restrictions	<u>(20,239)</u>	<u>(57,723)</u>
Change in net assets with donor restrictions	<u>9,761</u>	<u>9,995</u>
Change in Net Assets	(120,465)	994,058
Net Assets, Beginning of Year	<u>16,060,035</u>	<u>15,065,977</u>
Net Assets, End of Year	<u><u>\$ 15,939,570</u></u>	<u><u>\$ 16,060,035</u></u>

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

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program			General and Administrative	Fundraising	2021 Total
	Research and development grants and contract	Other program services	Total program services			
Salaries	\$ 7,578,724	\$ -	\$ 7,578,724	\$ 3,694,873	\$ -	\$ 11,273,597
Payroll taxes	503,755	-	503,755	220,569	-	724,324
Employee benefit programs	1,417,850	-	1,417,850	667,200	-	2,085,050
Subcontract	6,323,115	-	6,323,115	-	-	6,323,115
Travel	208,875	-	208,875	34,164	-	243,039
Meals and entertainment	5,008	-	5,008	5,221	-	10,229
Insurance	-	-	-	289,519	-	289,519
Legal and professional	439,215	60,000	499,215	407,933	-	907,148
Occupancy, including in-kind	-	-	-	571,555	-	571,555
Interest expense	-	-	-	403,726	-	403,726
Repairs and maintenance	-	-	-	15,851	-	15,851
Office expenses	402,930	-	402,930	250,749	-	653,679
Bad debt	-	-	-	54,214	-	54,214
Telephone	-	-	-	81,590	-	81,590
Lobbying costs	-	-	-	152,195	-	152,195
Licenses and fees	112,140	-	112,140	92,799	-	204,939
Memberships and continuing education	815	-	815	36,468	-	37,283
Employee morale and welfare	110	-	110	29,369	-	29,479
Other	5,928	-	5,928	25,848	-	31,776
Depreciation	-	-	-	1,069,355	-	1,069,355
Indirect applied overhead, payroll taxes and employee benefits	5,147,338	-	5,147,338	(5,147,338)	-	-
Total	\$ 22,145,803	\$ 60,000	\$ 22,205,803	\$ 2,955,860	\$ -	\$ 25,161,663

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

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(Continued)

	Program			General and Administrative	Fundraising	2020 Total
	Research and development grants and contract	Other program services	Total program services			
Salaries	\$ 7,194,694	\$ -	\$ 7,194,694	\$ 3,325,524	\$ 41,555	\$ 10,561,773
Payroll taxes	475,811	-	475,811	198,271	3,148	677,230
Employee benefit programs	1,364,049	-	1,364,049	600,042	9,062	1,973,153
Subcontract	2,844,613	-	2,844,613	-	-	2,844,613
Travel	306,075	6,837	312,912	86,942	-	399,854
Meals and entertainment	7,844	19,837	27,681	15,682	-	43,363
Insurance	-	-	-	250,362	-	250,362
Legal and professional	344,350	61,200	405,550	439,253	5,000	849,803
Occupancy, including in-kind	-	-	-	589,728	-	589,728
Interest expense	-	-	-	438,735	-	438,735
Repairs and maintenance	-	-	-	6,344	-	6,344
Office expenses	427,633	-	427,633	351,828	-	779,461
Bad debt	-	-	-	169,405	-	169,405
Telephone	-	-	-	59,064	-	59,064
Lobbying costs	-	-	-	163,866	-	163,866
Licenses and fees	28,660	-	28,660	79,910	-	108,570
Memberships and continuing education	-	-	-	35,532	-	35,532
Employee morale and welfare	-	-	-	22,924	-	22,924
Other	21,460	16,253	37,713	32,749	-	70,462
Depreciation	-	-	-	975,975	-	975,975
Indirect applied overhead, payroll taxes and employee benefits	4,435,902	-	4,435,902	(4,435,902)	-	-
Total	\$ 17,451,091	\$ 104,127	\$ 17,555,218	\$ 3,406,234	\$ 58,765	\$ 21,020,217

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

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ (120,465)	\$ 994,058
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	1,069,355	975,975
Amortization of debt issuance costs	5,465	5,465
Bad debt expense	54,214	169,405
Donated stock	-	(81,585)
Donated property and equipment	-	(12,000)
Gain on sale of donated stock	-	(1,453)
Loss on disposition of property and equipment	3,333	2,141
Changes in operating assets and liabilities -		
Grants and contracts receivables	(435,530)	(1,077,396)
Prepaid expenses	(77,564)	(5,586)
Other assets	(3,000)	1,000
Accounts payable	618,918	833,170
Accrued payroll and related liabilities	140,628	92,124
Accrued interest	(8,250)	(8,125)
Refundable advances	(118,078)	415,325
Net cash provided by operating activities	1,129,026	2,302,518
Cash Flows From Investing Activities:		
Proceeds from sale of donated stock	-	83,038
Purchases of property and equipment	(564,539)	(977,379)
Net cash used in investing activities	(564,539)	(894,341)
Cash Flows From Financing Activities:		
Principal payments of long-term debt	(713,420)	(701,328)
Net Increase (Decrease) in Cash	(148,933)	706,849
Cash at Beginning of Year	5,243,392	4,536,543
Cash at End of Year	\$ 5,094,459	\$ 5,243,392
Displayed As:		
Cash	\$ 4,439,584	\$ 4,605,267
Restricted cash held by trustee	654,875	638,125
	\$ 5,094,459	\$ 5,243,392
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 333,250	\$ 366,042

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

NOTES TO FINANCIAL STATEMENTS

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Florida Institute for Human and Machine Cognition, Inc. (“IHMC”) was organized as a Florida not-for-profit corporation on February 25, 2004, pursuant to Section 1004.447, Florida Statutes, exclusively as an information-technology related organization for research, education, scientific advancement, and economic development.

Basis of Accounting:

IHMC follows standards of accounting and financial reporting prescribed for not-for-profit organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Basis of Presentation:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of IHMC and changes therein are classified as follows:

Net assets with donor restrictions are subject to donor-imposed stipulations that can be fulfilled by actions of IHMC pursuant to those stipulations, that expire by the passage of time, or the assets be maintained permanently, but permit IHMC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions are not subject to donor-imposed stipulations, or the donor-imposed restrictions have expired. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors, or may otherwise be limited by contractual agreements with outside parties.

Use of Estimates:

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

Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to IHMC’s ongoing activities. Non-operating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Legislative Appropriation:

Support from legislative appropriation represents amounts received from the Florida state budget, general revenue fund.

Contributions:

Contributions are reported as revenues with donor restrictions if the donor limits the use of the donated assets. When the restrictions expire, these net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as *net assets released from restrictions*. Donor-restricted contributions are classified as revenues without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

Unconditional promises to give are reported when the pledges are received at the present value of their net realizable value. Conditional promises to give are not recorded in the financial statements.

Noncash contributions are recorded at fair market value at the time of donation.

In-Kind Contributions:

Donated services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by IHMC. The computation of value for the contributions is based on the fair value of the contributed occupancy and donated services at the date received. These in-kind contributions are reported as support and expense in the period received.

Grants and Contracts:

Revenue from grants and contracts, awarded to and accepted by IHMC, is recognized as earned, that is, as the related allowable costs are incurred or the performance of milestones is achieved under the grant or contract agreements. Management considers all grants and contracts receivables at June 30, 2021 and 2020 to be fully collectible; therefore, no allowance for uncollectible accounts has been established.

Facilities and administrative costs recovered on grants and contracts are recorded at rates established by IHMC with its Federal cognizant agency, or predetermined by the non-Federal sponsor. Facilities and administrative cost rates for government grants and contracts are subject to audit, and subsequent final settlements, if any, are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the financial statements.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash:

Restricted cash represents funds held by the note trustee for debt service.

Debt Issuance Costs:

Debt issuance costs are amortized over the term of the debt using the straight-line method since the difference between this method and the effective interest method is not material to the financial statements. Amortization of debt issuance costs is reported as interest expense in the statements of functional expenses and totaled \$5,465 for each of the years ended June 30, 2021 and 2020.

Property and Equipment:

Property and equipment are recorded at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building	15-39 years
Computers and software	3-5 years
Machinery and equipment	5-30 years
Robotics	3-5 years
Furniture and fixtures	5 years
Vehicle	5 years

Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Costs of equipment that are acquired or constructed for research and development activities are generally expensed; however, equipment acquired or constructed which have alternative future uses in research and development projects or otherwise are also capitalized.

Refundable Advances:

Refundable advances represent funds received by IHMC from grantor agencies that have not been spent at the end of the year. Advances must be returned to the grantor agency if not spent for their intended purpose within the grant period unless re-appropriated or extended by the grantor.

Funds received under the Payroll Protection Program (“PPP”) were recorded as a refundable advance and recognized as a contribution as eligible expenses are incurred.

Advertising Costs:

Advertising costs are expensed when incurred.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

IHMC is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a public charity. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

New Accounting Pronouncement:

During 2021, IHMC implemented Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 has been adopted using the cumulative catch-up adjustment method. Due to the nature of IHMC’s revenue streams, the adoption did not have a material impact on the amount and timing of revenue recognition for revenue. Grants, government contracts, and contributions are not within the scope of Topic 606. The adoption of ASU 2014-09 did not materially affect the IHMC’s changes in net asset, financial position, or cash flows.

Subsequent Events:

Management has evaluated subsequent events through December 17, 2021, the date which the financial statements were available for issue.

NOTE 2 - RESTRICTED CASH HELD BY TRUSTEE

Restricted cash is comprised of the following:

	2021	2020
Debt service -		
Note principal	\$ 575,000	\$ 550,000
Note interest	79,875	88,125
	\$ 654,875	\$ 638,125

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,316,994	\$ 3,316,994
Buildings	17,134,422	17,134,422
Computers and software	1,182,327	1,657,071
Machinery and equipment	1,435,185	1,273,418
Robotics	963,218	963,166
Furniture and fixtures	771,849	771,849
Vehicle	54,197	30,725
Art collection	5,950	5,950
Construction in progress	708,784	464,569
	<u>25,572,926</u>	<u>25,618,164</u>
Less accumulated depreciation and amortization	<u>7,582,376</u>	<u>7,119,464</u>
	<u>\$ 17,990,550</u>	<u>\$ 18,498,700</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$1,069,355 and \$975,975, respectively.

Construction in progress at June 30, 2021 represent costs for two new robots.

IHMC capitalizes interest costs on borrowings incurred during the construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Certain fixed assets of IHMC were purchased with federal, state and local grants and contracts. As a result, if such assets are disposed, the granting agency that participated in the funding of the purchase has a contractual right to participate in the proceeds from the disposition. Also, at the end of the project for which the asset was purchased, the granting agency has the right to reclaim such equipment. IHMC accounts for these items separately until final release of the item has been received by IHMC.

In September 2008, IHMC received a grant for \$958,300 from the U.S. Department of Commerce's Economic Development Administration ("EDA") for the renovation of the Ocala, Florida facility. The grant restricts the use of the building to research and development, unless an alternate purpose is approved by the grantor agency administrators. The EDA has determined the useful life of the project for purposes of this restriction to be 20 years.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 - PAYCHECK PROTECTION PROGRAM

On April 15, 2020, IHMC received loan proceeds in the amount of \$1,658,300 under the PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP loan’s principal and accrued interest are forgivable to the extent that the proceeds are used for eligible purposes, subject to certain limitations, and that IHMC maintains payroll levels over a twenty-four-week period following the loan date. The loan forgiveness amount may be reduced if IHMC terminates employees or reduces salaries during the twenty-four-week period.

During 2020, IHMC incurred eligible forgivable expenses totaling \$1,025,629 and recognized a contribution in that amount. At June 30, 2020, the remaining balance totaling \$632,671 was recorded as a refundable advance in the accompanying statements of financial position. During 2021, IHMC incurred additional expenses totaling \$632,671 and recognized a contribution in that amount. In June 2021, IHMC received a forgiveness notice from the Small Business Administration.

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following:

	2021	2020
\$7,700,000 Capital Improvement Refunding Revenue Bonds, Series 2018, due in monthly installments of \$47,638 to \$76,667, from January 1, 2019 through September 1, 2028 with an interest rate of 5%, secured by mortgage and security agreement	\$ 6,390,000	\$ 7,050,000
\$2,000,000 Note, due in monthly installments of \$10,557, from August 21, 2017 through June 21, 2027, balloon payment due July 21, 2027, with an interest rate of 4%, secured by mortgage and security agreement	1,802,422	1,855,842
	8,192,422	8,905,842
Less unamortized debt issuance costs	40,303	45,767
	8,152,119	8,860,075
Less current maturities	745,596	713,420
	\$ 7,406,523	\$ 8,146,655

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - LONG-TERM DEBT (Continued)

Scheduled maturities on long-term debt are as follows:

2022	\$ 745,596
2023	772,861
2024	805,218
2025	842,672
2026	875,225
Thereafter	<u>4,150,850</u>
	<u>\$ 8,192,422</u>

In November 2013, Escambia County, Florida (“the County”), issued a \$12,000,000 industrial development revenue note to provide financial assistance to IHMC for the refunding of the Commission’s 2008 \$4,292,500 industrial revenue bonds, and for the financing of the construction of a new research facility. The note is payable solely from the payments received from the underlying financing agreement. Pursuant to the financing and construction agreements, IHMC agreed to make monthly installments to the County sufficient to pay all principal and interest amounts. IHMC executed and delivered a promissory note to the County, who is assigned all rights to receive payments from IHMC related to these agreements. The County has no obligation in any manner for repayment of the note. During 2014 and 2015, the County disbursed \$6,460,476 to IHMC to refund the Commission’s bonds payable, pay for new debt issuance costs, pay for architect costs and construction costs of the new research facility. During 2016, the County disbursed \$5,316,173 to IHMC to pay for construction costs of the new research facility. The remaining \$223,351 was disbursed by the County during 2018 as IHMC received the certificate of occupancy for the new research building. During 2019, the County refunded the \$12,000,000 industrial development revenue note and issued \$7,700,000 Capital Improvement Refunding Revenue Bonds, Series 2018.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 - NET ASSETS

Net assets with donor restrictions include contributions for specific purposes that have not yet been accomplished and unconditional promises to give with payments due in future periods to be used for the activities of IHMC. Net assets with donor restrictions at June 30, 2021 and 2020 are presented as follows:

	2021	2020
Educational Outreach Youth Programs	\$ 67,514	\$ 60,437
Research projects	58,714	56,030
Other	3,874	3,874
	\$ 130,102	\$ 120,341

NOTE 7 - RETIREMENT PLANS

IHMC established a defined contribution retirement plan that operates under Section 403(b) of the Internal Revenue Code on March 1, 2005. The purpose of the plan is to provide retirement benefits for participating employees. Benefits are provided through Teachers Insurance and Annuity Association (“TIAA”), College Retirement Equities Fund (“CREF”). The plan year begins on July 1 and ends on June 30. All benefits under the Plan are fully funded and provided through the funding vehicle(s) selected by the participant. Benefits are not subject to, nor covered by, federal plan termination insurance.

The plan covers substantially all employees except part-time and leased. IHMC contributes 11% of eligible employee’s compensation on a bi-weekly basis. Contributions to the plan amounted to \$1,070,446 in 2021 and \$1,028,175 in 2020.

In addition to the defined contribution plan, IHMC also established an elective deferral plan with TIAA CREF. To participate, an eligible employee must enter into a written salary reduction agreement with IHMC. Under the salary reduction agreement, the employee’s salary (paid after the agreement is signed) is reduced and the amount of the reduction is applied as premiums to the funding vehicles available under this plan.

IHMC has established an elective deferral plan that operates under Section 457(b) of the Internal Revenue Code. To participate, an eligible employee must enter into a written salary reduction agreement with IHMC. Under the salary reduction agreement, the employee’s salary (paid after the agreement is signed) is reduced and the amount of the reduction is applied as premiums to the funding vehicles available under this plan’s provider, Edward Jones.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 - RELATED PARTY TRANSACTIONS

Prior to the creation of IHMC as a separate nonprofit entity, the University of West Florida Institute for Human and Machine Cognition (“UWF IHMC”) performed information-technology research as a research division of the University. To assist in the transition of UWF IHMC activities to IHMC, the University of West Florida (“the University”) and IHMC have entered into an affiliation agreement (“the agreement”) that addresses IHMC’s use of or participation in University programs and services, including monies, personnel or services, and the use of facilities. One member of IHMC’s Board of Directors serves on the Board of Trustees for the University. This individual is asked to abstain from voting on items before the Board of Directors that will be funded by the University.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk - Uninsured Cash Balances:

IHMC maintains cash balances with two banks. In addition to the FDIC coverage provided by the two banks, the demand deposit accounts held at one bank are also protected under the Chapter 280, Florida Statutes, Public Deposits Trust Fund. At June 30, 2021, IHMC had cash balances in excess of insured limits of approximately \$1,558,000.

Line of Credit:

IHMC has a revolving, unsecured, \$2,000,000 line of credit with a financial institution. The line of credit carries interest of 2.5% over the one-month LIBOR rate and expires on February 23, 2022. IHMC had no amounts outstanding as of June 30, 2021 and 2020 under the line of credit.

Lease Commitments:

IHMC is renting office equipment and office space under operating leases expiring through September 2023. Future minimum lease payments under these leases are as follows:

<u>Year ending June 30,</u>	
2022	\$ 11,002
2023	7,800
2024	<u>2,600</u>
	<u>\$ 21,402</u>

Rental expense for operating leases for the years ended June 30, 2021 and 2020 was \$23,940 and \$21,948, respectively.

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies:

The Defense Contract Audit Agency (“DCAA”) is the federal agency tasked with auditing grant compliance on behalf of the Office of Naval Research (“ONR”), which is IHMC’s cognizant agency. As noted in their audit reports for the fiscal years ended June 30, 2008 through 2013, DCAA had questioned a portion of indirect costs included in the indirect cost pool. In 2017, 2018 and 2019, ONR issued final indirect cost rates for the fiscal years ended June 30, 2008 through 2017. Subsequent to June 30, 2020, IHMC received final indirect cost rates for fiscal years ended June 30, 2018 and 2019. Some of the finalized rates were lower than those rates applied by IHMC during the time under audit. The overall effects of the lower rates cannot accurately be determined and as such, no provision for any possible payback has been recorded in the financial statements.

Grants and contracts require the fulfillment of certain conditions as set forth in the applicable agreements. Failure to fulfill the conditions could result in the return of funds to the grantors or contracting agencies. Although that is a possibility, IHMC deems the contingency remote, since by acceptance of the grants and contracts and their terms, it has structured the objectives of IHMC to meet the provisions of the agreements.

COVID-19:

During the year ended June 30, 2020, Coronavirus Disease 2019 (“COVID-19”) became a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of the report. As such, it is very uncertain as to the full magnitude that the pandemic will have on IHMC. Management is actively monitoring its financial condition, liquidity, operations, and workforce. Given the evolution of the COVID-19 outbreak, IHMC is not able to estimate the effects of the outbreak on its results of operations, financial condition, or liquidity.

NOTE 11 - LIQUIDITY

IHMC’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 4,439,584
Grants and contracts receivable	<u>4,695,159</u>
	<u>\$ 9,134,743</u>

As part of IHMC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, IHMC has a \$2,000,000 line of credit which it could draw upon.

SUPPLEMENTARY INFORMATION

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Pass-through Agency's Identifying Number	Expenditures	Transfer to Subrecipients
<u>Research and Development Cluster:</u>				
<u>Office of Naval Research</u>				
Human Fuel for Optimizing Cold Water Performance	12.300	N00014-18-1-2115	\$ 55,833	\$ -
High Speed Humanoid Behaviors for Urban Operations	12.300	N00014-19-1-2023	472,429	-
Ketones for High Intensity Mission Operations	12.300	N00014-19-1-2473	2,312	-
Michigan State	12.300	N00014-20-1-2005	165,037	-
Human Glymphatic Function in Extreme Environments	12.300	N00014-20-1-2463	350,345	273,846
Development of an Underwater Oculometric Assessment Tool	12.300	N00014-20-1-2340	325,461	215,858
Validation of an Underwater Oculometric Assessment Tool	12.300	N00014-20-1-4002	41,195	26,645
Evaluating the Benefits of Intranasal Oxytocin Administration on Human Performance and Metabolism under Extreme Conditions	12.300	N00014-21-1-2201	142,477	-
Total Office of Naval Research			<u>1,555,089</u>	<u>516,349</u>
<u>Department of the Army</u>				
CWC DARPA - Communication with a Learning Collaborative Problem Solving Agent	12.910	W911NF-15-1-0542	570,945	264,151
Collaborative World Modeling	12.910	W911NF-18-1-0464	339,231	-
Total Department of the Army			<u>910,176</u>	<u>264,151</u>

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021
(Continued)

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Pass-through Agency's Identifying Number	Expenditures	Transfer to Subrecipients
<u>Department of the Air Force,</u>				
<u>Air Force Research Laboratory</u>				
Naturalistic Decision Making Foundations of Explainable AI	12.910	FA8650-17-2-7711	\$ 655,204	\$ 358,812
<u>National Science Foundation</u>				
RAPID: Improving Computational Epidemiology with Higher Fidelity Models of Human Behavior	47.070	IIS-2033390	203,429	64,666
Collaborative Research: RI: Small: Modeling and Learning Ethical Principles for Embedding into Group Decision Support Systems	47.070	2008011	25,745	-
Total National Science Foundation			<u>229,174</u>	<u>64,666</u>
<u>National Institute on Aging</u>				
Passed through University of Miami				
A Personalized Health Behavior System to Promote Well-Being in Older Adult	93.866	184000-01	244,363	-
Total Research & Development Cluster			<u>3,594,006</u>	<u>1,203,978</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	13,088	-
Total Expenditures of Federal Awards			<u>\$ 3,607,094</u>	<u>\$ 1,203,978</u>

NOTE: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

OTHER REPORTS AND SCHEDULE

**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**

To the Board of Directors
Florida Institute for Human and Machine Cognition, Inc.
Pensacola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Institute for Human and Machine Cognition, Inc. ("IHMC"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IHMC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IHMC's internal control. Accordingly, we do not express an opinion on the effectiveness the IHMC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of IHMC'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 the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Florida Institute for Human and Machine Cognition, Inc.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of IHMC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IHMC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
December 17, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Florida Institute for Human and Machine Cognition, Inc.
Pensacola, Florida

Report on Compliance for Each Major Federal Program

We have audited Florida Institute for Human and Machine Cognition, Inc.'s (“IHMC”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on IHMC’s major federal program for the year ended June 30, 2021. IHMC’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for IHMC’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about IHMC’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of IHMC’s compliance.

Opinion on Each Major Federal Program

In our opinion, IHMC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of IHMC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered IHMC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of IHMC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida
December 17, 2021

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Florida Institute for Human and Machine Cognition, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Florida Institute for Human and Machine Cognition, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for Florida Institute for Human and Machine Cognition, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major federal program for Florida Institute for Human and Machine Cognition, Inc. which are required to be reported in accordance with Section 2 CFR section 200.516(a) of the Uniform Guidance.
7. The program tested as the major program included the following:

Federal Program

Research and Development Cluster:

National Oceanic and Atmospheric Administration (NOAA)	
Cooperative Institutes	CFDA No. 11.432
Basic and Applied Scientific Research	CFDA No. 12.300
Basic Scientific Research	CFDA No. 12.431
Air Force Defense Research Sciences Program	CFDA No. 12.800
Research and Technology Development	CFDA No. 12.910
Computer and Information Science and Engineering	CFDA No. 47.070
Aging Research	CFDA No. 93.866

FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021
(Continued)

A. SUMMARY OF AUDITOR'S RESULTS (Continued)

8. The threshold used for distinguishing between Type A and B programs was \$750,000 for major federal programs.
9. Florida Institute for Human and Machine Cognition, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs relating to the major federal award program which are required to be reported in accordance with the Uniform Guidance.

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: Quality Assurance Review of Internal Auditing and Management Consulting

Proposed action: Acceptance

Background information:

Board of Governors Regulation 4.002(6)(a) requires all State universities' internal audit departments to perform audit engagements in accordance with the International Professional Practices Framework published by the Institute of Internal Auditors (IIA). The BOG Regulation and the IIA standards further require that a quality assurance review be conducted every five years to evaluate whether or not the department has complied with these standards. Such a review had not been performed since 2016.

These reviews may be conducted by an external party in totality, or the internal audit department may conduct a Self-Assessment in conjunction with an External Validation. We recruited two qualified, independent validators who were vetted by the President and the Chair of the BOT Audit & Compliance Committee. The Self-Assessment was completed and presented to the Audit & Compliance Committee at the August 19, 2021 meeting. The External Validators issued their report on November 15, 2021 (see attached).

Objectives:

The specific objectives of this review were to:

- Assess conformance with the IIA Standards;
- Assess the effectiveness and efficiency of the Internal Audit activity in providing services to the Board of Trustees and management of the University of West Florida; and
- Identify opportunities for improving the Internal Audit Program at the University of West Florida.

Summary of Results:

The external validators found that IAMC "generally conforms" to the IIA Standards, the highest rating available. They recommended that a long-term strategy be developed such that the department can provide adequate audit coverage. They also recommended that the department consider utilizing external IT expertise as needed for technology-related audits.

Recommendation: Acceptance of the Quality Assurance Review External Validation report.

Supporting documents

Quality Assurance Review of IAMC – External Validation Report

Prepared by: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 474-2638

Presenter: Cindy Talbert

Report on the Results of the Independent Validation of Quality Assessment Review of University of West Florida Internal Audit Program October 2021

Reviewers: Mike Hill, CPA, CFE
Kristina Davis, CIA

Submitted to: Cynthia Talbert, CIA
CAE Internal Auditing & Management Consulting
University of West Florida

November 15, 2021

President Martha D. Saunders
Trustee Robert Jones
11000 University Parkway, B10
Pensacola, FL 32514

Dear Dr. Saunders and Mr. Jones:

We have completed an Independent Validation of the Self-Assessment Quality Assessment Review (QAR) of University of West Florida Internal Audit Program as required every five years by the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing (Standards)*. The objectives of the QAR were to:

1. Assess conformation with the IIA *Standards*;
2. Assess the effectiveness and efficiency of the Internal Audit activity in providing services to the Board of Trustees and management of University of West Florida; and
3. Identify opportunities for improving the Internal Audit Program at University of West Florida.

Overall, it is our opinion that University of West Florida Internal Auditing and Management Consulting generally conforms to the IIA *Standards*, the highest rating available. We noted two opportunities for improvement that could enhance the efficiency and effectiveness of the Internal Audit program. These are described in this report.

Sincerely,

DocuSigned by:

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Mike Hill, CPA, CFE
Assistant Vice President, Internal Audit
Pen Air Federal Credit Union
Pensacola, FL

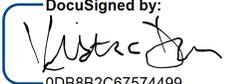
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Kristina Davis, CIA, CHFP
Director, Audit Services
Infirmary Health
Mobile, AL

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Executive Summary

An Independent Review Team made up of professionals from Pen Air Federal Credit Union and Infirmiry Health conducted an independent validation of the Quality Assessment Review self-assessment of University of West Florida (UWF) Internal Auditing & Management Consulting (IAMC). The work was conducted in accordance with the requirements of the *International Standards for the Professional Practice of Internal Auditing* (the *Standards*).

The UWF IAMC utilized the Institute of Internal Auditors (IIA) Quality Assessment Manual, 2017 Edition. The independent review team assessed the organization utilizing the information compiled for the Self-Assessment. The primary purpose of a Quality Assessment Review is to determine the internal audit function's conformance with the *Standards*.

The UWF IAMC was determined to Generally Conform to IIA *Standards*, which is considered the highest rating available. We noted certain strengths within the Internal Audit Office which we feel compelled to acknowledge:

- Demonstrated Quality in all Aspects of Audit Process
- Senior Management Support and Interaction
- Governance and Relationship to Executive & Audit Committee Chair

Additionally, during the course of our work we identified two opportunities for improvement within UWF IAMC:

- Future Resource Planning
- Utilize Expertise (as necessary)

Each of these opportunities are further elaborated within this report along with UWF IAMC's management responses.

Overall, we want to thank UWF IAMC for their hospitality, professionalism, and commitment to maintaining a quality and high-performing Internal Audit function.

Background and Scope

Background

The University of West Florida (UWF) was established in 1967 and is a four-year public university located in Pensacola, Florida. UWF provides more than 13,000 undergraduate and graduate students an educational experience that is committed to delivering high-quality diverse learning opportunities and experiences. The UWF Internal Auditing and Management Consulting Department (IAMC) is established within the Florida Board of Education, Division of Colleges and Universities and Board of Governors Regulation 4.002. IAMC conducts independent and objective reviews of university operations and procedures as well as management request and projects. Any findings and related recommendations are reported to the Audit & Compliance Committee of the UWF Board of Trustees along with the President and Senior Leadership.

UWF Internal Auditing and Management Consulting Department

The UWF Associate Vice President/Chief Audit Executive for IAMC reports functionally to the University Board of Trustees (UBOT) Audit & Compliance Committee and administratively to the University President. The department consists of three professionals, the Chief Audit Executive, who is a Certified Public Accountant, Certified Internal Auditor, a Certified Fraud Examiner and holds a Certification in Risk Management Assurance; and two auditors, an Internal Auditor II who is a Certified Public Accountant with 28 years of experience and an Auditor/Investigator with 3 years of experience.

UWF IAMC is a member of the industry of internal auditing in higher education and participates in a number of collaborative peer groups. UWF is a member in the Association of College and University Auditors (ACUA) and the local chapters of the Institute of Internal Auditors and Association of Certified Fraud Examiners.

IIA Standards – Validation of a Self-Assessment

The QAR Self-Assessment of UWF IAMC was performed in accordance with The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (the Standards)* utilizing the IIA's Quality Assurance Manual, 2017 edition. The validation of the QAR by the external evaluators was based upon the documentation and information presented by UWF IAMC and in accordance with the IIA Quality Assurance Manual. The primary purpose of a Quality Assessment is to determine the internal audit function's conformance with the *Standards*. There are three possible outcomes of the QAR: the internal audit program generally conforms, partially conforms, or does not conform with the *Standards*.

Conformance with IIA Standards

Generally Conforms mean that IAMC has a charter, policies and processes that are judged to meet the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms means deficiencies in practice are noted that are judged to deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude IA from performing its responsibilities in an acceptable manner.

Does Not Conform means deficiencies in practice are judged to be so significant as to seriously impair or preclude IAMC from performing adequately in all or in significant areas of its responsibilities.

Scope

We conducted the validation of the Self-Assessment during the months of September and October 2021. UWF IAMC supplied the review team with the materials noted below in early August and we then conducted on-site procedures on September 29, 2021. Additional off-site interviews were performed via Zoom during the first weeks of October 2021.

Engagement Methodology

Our procedures included review of the following documents:

- Internal Audit Charter and other background/organizational materials regarding UWF and the internal audit program
- The UWF IAMC QAR Report issued on August 11, 2021
- QAR advanced preparation materials providing background on the internal auditing program and practices
- The annual audit plan and risk assessment process
- Selected internal audit project workpapers and reports
- Staff training histories
- Audit follow up practices and reporting

The on-site procedures included:

- Interviews with UWF Internal Audit Office staff
- Review of workpapers for selected completed projects
- Analysis of information reviewed and assessment of compliance with the Standards

The off-site procedures included:

- Interviews with UWF Chair of Audit & Compliance Committee
- Interview with UWF President
- Interviews with UWF Senior Management and audit clients

Opinion of Independent Review Team

Overall, UWF Internal Audit and Management Consulting was judged to Generally Conform to IIA *Standards*, the highest rating available. The independent review team agrees with the overall assessment of the *Standards* as presented within the QAR Self-Assessment conducted by UWF IAMC. While improvement opportunities were noted in various areas, they did not preclude this assessment.

See Appendix A for an evaluation of each standard based upon the QAR Self-Assessment performed by UWF IAMC.

Strengths, Opportunities for Improvement, and Management Response

UWF Internal Audit Program Strengths

- *Demonstrated Quality in all Aspects of Audit Process* – We interviewed selected UWF personnel who had been audited by UWF IAMC in the past two years. Each audit client we spoke with was equally impressed with and grateful for the research, preparation, and due diligence the IAMC team performed prior to audit engagements.
- *Senior Management Support and Interaction* - Interviews conducted relayed a strong support for UWF IAMC from UWF senior management and the President. The department is well respected and a good communication/working relationship was noted.
- *Governance and Relationship to Audit & Compliance Committee Chair* – The Director of Internal Audit reports functionally to the UBOT Audit & Compliance Committee and administratively to the University President. The Director has direct access and an open line of communication with the Committee Chair to address any concerns. It was noted the CAE and Committee Chair are in frequent communication regarding the activities of the department.

Opportunities for Improvement

- *Future Resource Planning* – In our discussion with the staff, the need for additional resources within the department was noted. Budget constraints and other audit requirements placed on UWF IAMC by the Florida Board of Governors has led to reductions in the audits conducted by the staff for the University. This need was noted by the President and the UBOT Audit & Compliance Chair. The Director should consider developing a long-term strategy of the department for potential growth planning in preparation of when the resources are available to expand the department.

CAE Response: Although at present we are adequately addressing University risks through the performance of audits, returning to our former level of staff resources will become increasingly necessary over the next year or two. By January 31, I will prepare a written plan detailing IAMC needs over the next two years, and will submit this request to the President and the BOT Audit & Compliance Committee Chair for their consideration.

- *Utilize Outsourced Expertise* – One of the areas noted through discussion with the UWF IAMC staff was lack of expertise in Information Technology (IT). It is acknowledged the CAE has been actively addressing this area with formal training and involvement within the UWF IT areas. However, when the need arises where a higher level of understanding is needed, UWF and IAMC should work together to determine the feasibility of utilizing a third party subject matter expert.

CAE Response: We will continue to enhance the IT audit skills of the staff through professional training and interaction with UWF IT staff members. A request for increased input from ITS professionals on our audit techniques will be considered; however, if this is not feasible, we will request special funding such that an outside consultant can be engaged to assist with audits on the work plan for which we need technical support.

Appendices

Appendix A

Summary of Conformance with the IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* based upon the QAR Self-Assessment and rating definitions.

	GC	PC	DNC
Overall Evaluation	✓		

Attribute Standards (1000 - 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	✓		
1100	Independence and Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1300	Quality Assurance and Improvement Program	✓		
Performance Standards (2000 - 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	✓		
2100	Nature of Work	✓		
2200	Engagement Planning	✓		
2300	Performing the Engagement	✓		
2400	Communicating Results	✓		
2500	Monitoring Progress	✓		
2600	Communicating the Acceptance of Risks	✓		
Code of Ethics		GC	PC	DNC
	Code of Ethics	✓		

Rating Definitions:

GC – “Generally Conforms” means that the assessor as the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implanted the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation or successful practice, etc...

PC – “Partially Conforms” means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or a major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Appendix B

Interviews Conducted:

Audit & Compliance Committee

Robert Jones, Committee Chairman and Board Member

Jill Singer, Committee Member and Board Member

Senior UWF Management

Dr. Martha Saunders, President

Jeffery Djerlek, AVP/Controller

Matthew Schwartz, Assistant AVP Research Administration and Engagement

Keith King, Institutional Research

UWF Internal Auditing & Management Consulting

Cynthia Talbert, Chief Audit Executive

Elizabeth Mrachek, Internal Auditor II

Lauren Alidor, Auditor/Investigator

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: Internal Auditing and Management Consulting - Update on Activities
Proposed action: Informational

Purpose: To provide the Committee with an overview of activities within Internal Auditing & Management Consulting, as required by the department Charter.

1. Status of audits in process
2. Audit follow up
3. Status of advisory/consulting activities
4. Miscellaneous items

Recommendation: Information only
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting Documents:

Prepared by: Cindy Talbert, Associate VP/Chief Audit Executive, 474-2638, ctalbert@uwf.edu
Presenter: Cindy Talbert

**Internal Auditing
Audit Recommendations
Not Implemented as of February 1, 2022**

Overdue Implementation Dates:	Rec. #	Topic	Report Date	Initial Implement Date	Current Implement Date
20-21_002 Title IX Regulations	1	Record Retention	1/13/2021	10/31/2021	10/31/2021
20-21_006 Recreation	4	Timely Billing and Collections	10/7/2021	12/31/2021	12/31/2021

Future Implementation Dates:					
15-16_002 Banner General IT Controls	11	Segregation of Networks	9/15/2015	3/31/2016	7/17/2022
15-16_002 Banner General IT Controls	12	Separation of PROD and Test Networks	9/15/2015	3/31/2016	7/17/2022
15-16_002 Banner General IT Controls	19	COOP Development for ITS	9/15/2015	9/30/2016	7/17/2022
15-16_002 Banner General IT Controls	20	Impact Analysis	9/15/2015	9/30/2016	7/17/2022
20-21_002 Title IX Regulations	2	Policies and Procedures	1/13/2021	7/30/2021	2/28/2022
20-21_004 Campus-wide Computer Server Mng	1	ITS Policy for LSP Server Standards	8/19/2021	2/28/2022	2/28/2022
20-21_006 Recreation - Recreation	1	Shared Expenses and Revenues	10/7/2021	2/28/2022	2/28/2022
20-21_006 Recreation - Recreation	2	HLS Waivers	10/7/2021	5/15/2022	5/15/2022
20-21_006 Recreation - Recreation	3	Attractive Assets	10/7/2021	3/1/2022	3/1/2022
21-22_003 PBF Data Integrity 2021	1	Written Procedures for Metrics Activities	2/1/2022	4/01/2022	4/01/2022
21-22_003 PBF Data Integrity 2021	2	Metric 10 Timing Differences and Errors	2/1/2022	3/01/2022	3/01/2022

UWF Board of Trustees Meeting
Audit & Compliance Committee
February 17, 2022

Issue: Office of Compliance & Ethics - Update on Activities
Proposed action: Informational

Background Information:

To provide the Audit and Compliance Committee with an overview of activities.

1. Office of Compliance and Ethics update on activities

Recommendation: Informational Item
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Matthew Packard, 857-6070, mpackard@uwf.edu
Presenter: Matthew Packard