



Foundation

UNIVERSITY OF CENTRAL FLORIDA

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Central Florida Foundation
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Central Florida Foundation (the Foundation), a discrete component unit of the University of Central Florida, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, 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.

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 auditors' 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 the Foundation as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows 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 management's discussion and analysis shown in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 as a whole. The supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is also presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of state financial assistance and the supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

The other information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express any opinion or provide any assurance on it.

Board of Directors
University of Central Florida Foundation

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
October 1, 2021

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

This management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University of Central Florida Foundation (the Foundation), including its two blended component units, Knights Crossing Student Housing, LLC and the University of Central Florida Real Estate Foundation, LLC, as of and for the years ended June 30, 2021, 2020, and 2019 and should be read in conjunction with the financial statements and notes thereto.

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

Overview of Financial Statements

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

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

The Statement of Net Position

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

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

The Statement of Net Position (Continued)

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current Assets	\$ 65,824,756	\$ 27,867,971	\$ 24,134,039
Noncurrent Assets	<u>418,809,343</u>	<u>369,036,560</u>	<u>373,638,858</u>
Total Assets	<u>\$ 484,634,099</u>	<u>\$ 396,904,531</u>	<u>\$ 397,772,897</u>
Liabilities:			
Current Liabilities	\$ 7,785,712	\$ 6,599,576	\$ 4,224,477
Noncurrent Liabilities	<u>65,124,218</u>	<u>68,095,986</u>	<u>71,849,663</u>
Total Liabilities	<u>\$ 72,909,930</u>	<u>\$ 74,695,562</u>	<u>\$ 76,074,140</u>
Net Position:			
Net Investment in Capital Assets	\$ 60,928,184	\$ 60,459,505	\$ 55,912,445
Restricted - Expendable	129,119,874	93,875,472	102,835,175
Restricted - Nonexpendable Endowments	147,386,322	143,793,755	139,179,939
Unrestricted	<u>74,289,789</u>	<u>24,080,237</u>	<u>23,771,198</u>
Total Net Position	<u>\$ 411,724,169</u>	<u>\$ 322,208,969</u>	<u>\$ 321,698,757</u>

The Foundation's assets totaled \$484.6 million as of June 30, 2021. This balance reflects an increase of \$87.7 million or 22.1%, compared to June 30, 2020. Current assets make up \$65.8 million of total assets and consist primarily of funds available to meet current obligations and pledges receivable that are expected to be collected within the next fiscal year. Noncurrent assets make up \$418.8 million of the Foundation's total assets and consist primarily of buildings and infrastructure, net of accumulated depreciation, along with investments expected to be held, restricted cash, and pledges receivable expected to be collected, beyond the next fiscal year.

The Foundation's assets totaled \$396.9 million as of June 30, 2020. This balance reflects a decrease of \$0.9 million or 0.2%, compared to June 30, 2019. Current assets make up \$27.9 million of total assets and consist primarily of funds available to meet current obligations and pledges receivable that are expected to be collected within the next fiscal year. Noncurrent assets make up \$369.0 million of the Foundation's total assets and consist primarily of buildings and infrastructure, net of accumulated depreciation, along with investments expected to be held, restricted cash, and pledges receivable expected to be collected, beyond the next fiscal year.

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

The Statement of Net Position (Continued)

The Foundation's liabilities totaled \$72.9 million as of June 30, 2021. This balance reflects a decrease of \$1.8 million, or 2.4% as compared to June 30, 2020. Total liabilities include current obligations of \$7.8 million and obligations arising beyond the next 12 months of \$65.1 million. The total decrease in liabilities relates primarily to the scheduled principal payments made on long-term debt.

The Foundation's liabilities totaled \$74.7 million as of June 30, 2020. This balance reflects a decrease of \$1.4 million, or 1.8% as compared to June 30, 2019. Total liabilities include current obligations of \$6.6 million and obligations arising beyond the next 12 months of \$68.1 million. The total decrease in liabilities relates primarily to the scheduled principal payments made on long-term debt.

Net position as of June 30, 2021 was \$411.7 million, which reflects an increase of \$89.5 million compared to June 30, 2020.

Net position as of June 30, 2020 was \$322.2 million, which reflects an increase of \$0.5 million compared to June 30, 2019.

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

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

The following summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2021 and the two preceding fiscal years.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 128,619,734	\$ 39,814,391	\$ 48,040,983
Operating Expenses	<u>53,338,840</u>	<u>55,978,009</u>	<u>59,838,886</u>
Operating Gain (Loss)	75,280,894	(16,163,618)	(11,797,903)
Nonoperating Revenues	<u>10,997,853</u>	<u>12,060,014</u>	<u>13,266,244</u>
Gain (Loss) before Endowment Contributions	86,278,747	(4,103,604)	1,468,341
Endowment Contributions	<u>3,236,453</u>	<u>4,613,816</u>	<u>3,052,849</u>
Change in Net Position	89,515,200	510,212	4,521,190
Net Position - Beginning of Year	<u>322,208,969</u>	<u>321,698,757</u>	<u>317,177,567</u>
Net Position - End of Year	<u><u>\$ 411,724,169</u></u>	<u><u>\$ 322,208,969</u></u>	<u><u>\$ 321,698,757</u></u>

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

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

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal year ended June 30, 2021 and the two preceding fiscal years.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contributions	\$ 59,879,790	\$ 16,625,196	\$ 26,075,347
Rental Income	14,855,815	16,539,021	9,678,518
Investment Income	52,575,525	4,889,778	11,206,050
Other Operating Revenues	<u>1,308,604</u>	<u>1,760,396</u>	<u>1,081,068</u>
Total Operating Revenues	<u>\$ 128,619,734</u>	<u>\$ 39,814,391</u>	<u>\$ 48,040,983</u>

Total operating revenues of \$128.6 million includes contributions, investment earnings, receipts from rental activity and other miscellaneous operating activity. Contributions were \$59.9 million and represent 46.6% of total operating revenues; this reflects an increase of \$43.3 million over 2020, due to a transformational \$40 million dollar, unrestricted cash donation from Philanthropist MacKenzie Scott and her husband Dan Jewett. Rental income decreased by \$1.7 million over 2020 primarily due to reduced rent received from the Lake Nona Cancer Center, which was purchased in fiscal 2019. Investment income was \$52.6 million representing 40.9% of total operating income; this reflects an increase of \$47.7 million over 2020.

Fiscal year 2020 total operating revenue was \$39.8 million, a decrease of \$8.2 million when compared to fiscal year 2019, which was due primarily to fiscal year 2019 being the final year of the IGNITE fundraising campaign.

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

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

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

The following summarizes the operating expenses by function that incurred the operating activities for the fiscal year ended June 30, 2021 and the two preceding fiscal years.

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

	2021	2020	2019
Operating Expenses:			
Building Operations	\$ 10,841,634	\$ 12,621,236	\$ 7,422,876
Athletics	6,055,549	4,169,195	5,618,642
Fundraising	6,463,869	6,863,743	6,834,863
Management and General	7,211,387	7,579,853	7,323,819
Student Aid	4,636,512	3,939,776	4,186,992
Academic Programs	9,962,010	11,976,498	19,541,326
Alumni Relations	2,977,931	3,243,528	3,570,672
General Support to UCF	4,826,355	4,764,549	4,299,427
Research	363,593	819,631	1,040,269
Total Operating Expenses	<u>\$ 53,338,840</u>	<u>\$ 55,978,009</u>	<u>\$ 59,838,886</u>

Total operating expenses of \$53.3 million for fiscal year 2021 include program related costs, general support to the University, fundraising, maintenance, and operations of the rental property and other management and general expenses related to support of the Foundation's mission. This balance reflects a decrease of \$2.6 million or 4.7% over the same period ended June 30, 2020, due primarily to decreased Academic programs of \$2.0 million and Building Operations of \$1.8 million, partially offset by an increase in Athletics of \$1.9 million. A significant factor in the overall decrease in academic programs related to \$2.7 million in philanthropy dollars collected for UCF Downtown construction, paid to the University during fiscal year 2020, compared to only \$1.8 million in fiscal year 2021. The decrease in Building Operations expenses was primarily attributed to a decrease in expenses at the Lake Nona Cancer Center. This was partially offset by an increase in Athletics expenses which was consistent with the increase in Athletics contributions driven by the success of the "Keep Charging On Fund", that generated approximately \$1.5 million in cash during fiscal 2021.

Total operating expenses of \$56.0 million for fiscal year 2020 include program related costs, general support to the University, fundraising, maintenance, and operations of the rental property and other management and general expenses related to support of the Foundation's mission. This balance reflects a decrease of \$3.9 million or 6.5% over the same period ended June 30, 2019, due primarily to decreased Academic programs of \$7.6 million, partially offset by increases to Building Operations of \$5.2 million. A significant factor in the overall decrease in academic programs and operating expenses related to \$8.8 million in philanthropy dollars collected for UCF Downtown construction, paid to the University during fiscal year 2019 compared to only \$2.7 million in fiscal year 2020. This was partially offset by additional building costs associated with operating the Lake Nona Cancer Center.

Nonoperating revenues of \$11.0 million and \$12.1 million for fiscal years 2021 and 2020, respectively, consist primarily of in-kind salary support from the University for University employees dedicated to advancement efforts. The corresponding expenses are included in the operating expense section of the statements of revenues, expenses and changes in net position. During fiscal years 2021 and 2020, nonoperating revenue decreased \$1.1 million and \$1.2 million, respectively.

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

The Statement of Cash Flows

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

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2021 and the two preceding fiscal years.

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

	2021	2020	2019
Cash Flows Provided (Used) by:			
Operating Activities	\$ 38,052,122	\$ (1,838,444)	\$ (5,148,783)
Investing Activities	(429,313)	14,580,702	(2,514,886)
Capital and Related Financing Activities	(4,131,815)	(8,018,712)	(3,504,703)
Noncapital Financing Activities	3,006,545	3,521,340	2,987,912
Change in Cash, Cash Equivalents, and Restricted Cash	36,497,539	8,244,886	(8,180,460)
Cash, Cash Equivalents, and Restricted Cash:			
Beginning of Year	16,717,459	8,472,573	16,653,033
End of Year	<u>\$ 53,214,998</u>	<u>\$ 16,717,459</u>	<u>\$ 8,472,573</u>

Cash, cash equivalents, and restricted cash increased by \$36.5 million during fiscal year 2021, primarily due an increase in cash provided by operating activities due to a transformational \$40 million dollar, unrestricted cash donation from Philanthropist MacKenzie Scott and her husband Dan Jewett that was received at the end of our fiscal year. Net cash flows provided by investing activities decreased by \$15.0 million, mainly attributed to the prior year having significant net proceeds from sales and maturities of investments as well as repayment of a note receivable. Cash flows used in capital and related financing activities decreased by \$3.9 million, mainly due to reduction in building renovation costs of \$4.2 million. Cash flows provided by other noncapital financing activities decreased by \$0.5 million, primarily due to a decrease in endowment contributions received for other than capital purposes.

Cash, cash equivalents, and restricted cash increased by \$8.2 million during fiscal year 2020, primarily due to an increase in cash generated by investments. Net cash flows provided by investing activities increased by \$17.1 million, mainly attributed to net proceeds from sales and maturities of investments as well as repayment of note receivable. This was partially offset by an increase in cash used by capital and related financing activities. Cash flows used in capital and related financing activities increased by \$4.5 million, mainly due to reduction of existing debt coupled with ongoing building renovation costs. Cash flows provided by other noncapital financing activities increased by \$0.5 million, primarily due to an increase in endowment contributions received for other than capital purposes.

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

Capital Assets and Long-Term Debt Activity

The Foundation has \$130.2 million and \$131.9 million of capital assets, included in noncurrent assets on the accompanying statement of net position as of June 30, 2021 and 2020, respectively. These balances are net of accumulated depreciation of \$35.5 million and \$32.5 million, respectively. The following table summarizes capital assets as of June 30, 2021 and the two preceding years.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property and Equipment, Net	\$ 2,223,753	\$ 2,383,257	\$ 2,580,036
Rental and Other Property, Net	62,551,225	61,197,461	63,102,613
Nondepreciable Assets - Primarily Land	<u>65,400,206</u>	<u>68,365,788</u>	<u>63,847,796</u>
Total Capital Assets	<u>\$ 130,175,184</u>	<u>\$ 131,946,506</u>	<u>\$ 129,530,445</u>

The balance at June 30, 2021 is comprised of 50.2% land totaling \$65.4 million, 48.1% of buildings and associated improvements totaling \$62.6 million, and the remaining 1.7% of other property and equipment. During fiscal year 2021, significant changes in capital assets related primarily to depreciation expenses, partially offset by renovation costs on existing buildings.

The balance at June 30, 2020 is comprised of 51.8% land totaling \$68.4 million, 46.4% of buildings and associated improvements totaling \$61.2 million, and the remaining 1.8% of other property and equipment. During fiscal year 2020, significant changes in capital assets related primarily to renovation costs on existing buildings partially offset by current year depreciation expense.

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

At June 30, 2021 and 2020, the Foundation had \$69.2 million and \$71.5 million in debt outstanding, respectively. The following table summarizes debt outstanding as of June 30, 2021 and the two preceding years.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Research Pavilion, Innovative Center, and OTECH Buildings:			
2009 Series Note - Tax Exempt	\$ 8,340,000	\$ 9,775,000	\$ 11,140,000
University Tower and Bio-Molecular Buildings:			
2017 Series Note - Tax Exempt	5,348,000	5,920,000	6,478,000
Lake Nona Cancer Center Note - Tax Exempt	50,000,000	50,000,000	50,000,000
Digital Learning Center Note - Tax Exempt	<u>5,559,000</u>	<u>5,792,000</u>	<u>6,000,000</u>
Total Debt	<u>\$ 69,247,000</u>	<u>\$ 71,487,000</u>	<u>\$ 73,618,000</u>

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

Capital Assets and Long-Term Debt Activity (Continued)

During fiscal year 2021 the Foundation reduced debt by approximately \$2.2 million, related to principal payments on its notes. During fiscal year 2020 the Foundation reduced debt by approximately \$2.1 million, related to principal payments on its notes. Additional information on the Foundation's long-term debt obligations can be found in Note 6 of the accompanying notes to the financial statements.

Economic Outlook

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

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

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information and financial statements and notes thereto, or requests for additional financial information should be addressed to The UCF Foundation, 12424 Research Parkway, Suite 140, Orlando, Florida 32826-3249 or by calling 407-882-1220.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 50,131,015	\$ 13,634,695
Receivables	197,463	206,375
Receivables from Related Parties	4,090,264	-
Pledges Receivable - Net	10,436,259	12,112,044
Other Current Assets	<u>969,755</u>	<u>1,914,857</u>
Total Current Assets	65,824,756	27,867,971
NONCURRENT ASSETS		
Restricted Cash	3,083,983	3,082,764
Investments	275,728,443	221,050,517
Pledges Receivable - Net	9,472,279	12,614,980
Property and Equipment - Net	2,223,753	2,383,257
Rental and Other Property - Net	62,551,225	61,197,461
Nondepreciable Assets - Primarily Land	65,400,206	68,365,788
Other Noncurrent Assets	<u>349,454</u>	<u>341,793</u>
Total Noncurrent Assets	<u>418,809,343</u>	<u>369,036,560</u>
 Total Assets	 <u><u>\$ 484,634,099</u></u>	 <u><u>\$ 396,904,531</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,398,634	\$ 1,338,046
Payables to Related Parties	1,861,475	854,665
Long-Term Liabilities - Current Portion:		
Notes Payable, Net	4,427,000	3,724,000
Unearned Revenue	15,051	585,226
Annuity Obligations	77,636	77,636
Deposits	<u>5,916</u>	<u>20,003</u>
Total Current Liabilities	7,785,712	6,599,576
NONCURRENT LIABILITIES		
Notes Payable, Net	64,820,000	67,763,000
Annuity Obligations	276,117	318,973
Deposits	<u>28,101</u>	<u>14,013</u>
Total Noncurrent Liabilities	<u>65,124,218</u>	<u>68,095,986</u>
 Total Liabilities	 72,909,930	 74,695,562
NET POSITION		
Net Investment in Capital Assets	60,928,184	60,459,505
Restricted:		
Expendable	129,119,874	93,875,472
Nonexpendable Endowments	147,386,322	143,793,755
Unrestricted	<u>74,289,789</u>	<u>24,080,237</u>
Total Net Position	<u>411,724,169</u>	<u>322,208,969</u>
 Total Liabilities and Net Position	 <u><u>\$ 484,634,099</u></u>	 <u><u>\$ 396,904,531</u></u>

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Contributions, Net	\$ 59,879,790	\$ 16,625,196
Rental Income	14,855,815	16,539,021
Net Realized and Unrealized Gains on Investments	51,148,436	2,740,420
Interest and Dividends	1,427,089	2,149,358
License Plate Proceeds	874,637	758,562
Advertising and Royalties	209,968	280,208
Other Miscellaneous	223,999	721,626
Total Operating Revenues, Net	128,619,734	39,814,391
OPERATING EXPENSES		
Building Operations	10,841,634	12,621,236
Athletics	6,055,549	4,169,195
Fundraising	6,463,869	6,863,743
Management and General	7,211,387	7,579,853
Student Aid	4,636,512	3,939,776
Academic Programs	9,962,010	11,976,498
Alumni Relations	2,977,931	3,243,528
General Support to UCF	4,826,355	4,764,549
Research	363,593	819,631
Total Operating Expenses	53,338,840	55,978,009
OPERATING GAIN (LOSS)	75,280,894	(16,163,618)
NONOPERATING REVENUES		
Support from UCF - Noncash	11,032,633	12,094,794
Change in Value of Split Interest Agreements	(34,780)	(34,780)
Total Nonoperating Revenues	10,997,853	12,060,014
GAIN (LOSS) BEFORE ENDOWMENT CONTRIBUTIONS	86,278,747	(4,103,604)
ENDOWMENT CONTRIBUTIONS	3,236,453	4,613,816
CHANGE IN NET POSITION	89,515,200	510,212
Net Position - Beginning of Year	322,208,969	321,698,757
NET POSITION - END OF YEAR	\$ 411,724,169	\$ 322,208,969

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Contributions	\$ 63,081,454	\$ 20,074,323
Rental Receipts	14,403,088	17,204,403
All Other Receipts	1,745,215	1,706,790
Payments for Building Operations	(7,612,529)	(8,521,706)
Payments for Fundraising Activities	(1,000,368)	(1,324,094)
Payments to the University for Salaries and Benefits	(11,236,967)	(10,882,626)
Payments for University Programs, Scholarships, and Athletics	(20,075,001)	(18,326,801)
Payments for General and Administrative Functions	(1,274,150)	(1,759,914)
Payments for Income Taxes	21,380	(8,819)
Net Cash Provided (Used) by Operating Activities	38,052,122	(1,838,444)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(93,560,721)	(52,825,117)
Proceeds from Sales and Maturities of Investments	91,708,325	62,601,392
Receipts from Interest and Dividends, Net of Fees	1,423,083	2,451,977
Repayment of Note Receivable	-	2,352,450
Net Cash Provided (Used) by Investing Activities	(429,313)	14,580,702
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase or Construction of Capital Assets	(1,097,961)	(5,292,217)
Principal Paid on Capital Debt	(2,240,000)	(2,131,000)
Payments from the University for Tenant Improvements	(36,767)	357,411
Interest Paid on Capital Debt	(757,087)	(952,906)
Net Cash Used by Capital and Related Financing Activities	(4,131,815)	(8,018,712)
NONCAPITAL FINANCING ACTIVITIES		
Endowment Contributions Received for Other than Capital Purposes	3,006,545	3,521,340
Net Cash Provided by Noncapital Financing Activities	3,006,545	3,521,340
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	36,497,539	8,244,886
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	16,717,459	8,472,573
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 53,214,998	\$ 16,717,459
SUPPLEMENTAL DISCLOSURE OF NONCASH RELATED INVESTING ACTIVITIES		
Unrealized Gains (Losses) on Investments	\$ 37,118,269	\$ (1,464,882)

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING GAIN (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Gain (Loss)	\$ 75,280,894	\$ (16,163,618)
Adjustments to Reconcile Operating Gain (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,961,282	2,876,157
Provision for Cancellation of Pledges and Other Receivables	2,399,783	696,747
Net Realized and Unrealized Gains on Investments	(51,148,436)	(2,740,420)
Support from UCF and Other Related Entities - Noncash	11,032,633	12,094,794
Donated Securities and Other Noncash Contributions	(1,616,822)	(1,046,756)
Interest and Dividend Income, Net of Investment Fees	(1,427,089)	(2,149,358)
Interest Expense	641,315	952,906
Changes in Operating Assets and Liabilities:		
Investment Interest and Other Receivables	12,918	(77,821)
Receivables from Related Parties	(4,053,497)	14,269
Pledges Receivable	2,418,704	3,842,948
Prepaid Expenses and Other Assets	937,441	(902,066)
Accounts Payable, Accrued Expenses, and Deposits	176,361	374,432
Payables to Related Parties	1,006,810	(137,440)
Unearned Revenue	(570,175)	526,782
Net Cash Provided (Used) by Operating Activities	\$ 38,052,122	\$ (1,838,444)

See accompanying Notes to Financial Statements.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

Reporting Entity

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

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

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

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

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

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

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

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

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

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

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

Operating and Nonoperating Activities

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

Revenue Recognition

Contributions of cash, investment securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are reported as increases in net position, with the exception of pledges to the endowment which are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated acquisition values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent Revenue

In accordance with guidance related to accounting for leases, income on leases, which include scheduled increases in rental rates over the lease term (other than scheduled increases based on the Consumer Price Index), is recognized on a straight-line basis. The Foundation recognizes revenues for recoveries from tenants of operating expenses the Foundation paid on the tenant's behalf. These operating expenses include items such as real estate taxes, insurance and other property operating costs. During fiscal years 2021 and 2020, the Foundation recognized \$5,367,888 and \$6,033,085, respectively, in rent revenue from Common Area Maintenance (CAM) recoveries from tenants.

Fundraising

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

Cash, Cash Equivalents, and Restricted Cash

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

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

Investments

Investments are carried at fair value. Governmental Accounting Standards Board (GASB) guidance establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. See Note 2 for further discussion of fair value. The hedge funds carry their underlying investments at fair value and are valued, as a practical expedient, at the net asset value of the units held by the Foundation at year-end, as reported by the investment manager and within the valuation guidelines stipulated in respective investment agreements. The valuation for the real assets investment is determined by an independent appraisal management firm based on market data and research. Investments that are expected to be used within the next 12 months are classified as current investments. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other internal designations by the board of directors and management as well as investments not expected to be used during the Foundation's next fiscal year.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

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

Pledges Receivable

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, all nonendowed pledges that have met all the eligibility requirements that are verifiable, probable and measurable are recorded at their estimated realizable value on a discounted basis. The Foundation has established an allowance to absorb the uncollectible portion of pledges based on management's estimate, which includes an assessment of the donor's ability to pay. See Note 3 for more details.

Other Assets

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

Capital Assets

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

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

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

Impairment of Capital Assets

The Foundation reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. As a result of any impairments, property with a permanent decrease in value is stated at the lower of the carrying value or fair value. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2021 and 2020.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Split-Interest Agreements

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

Current Florida law requires charities to maintain certain minimum gift annuity reserves. As of June 30, 2021 and 2020, the Foundation held assets in excess of the minimum required by state law.

Compensated Absences, Other Postemployment Benefits, and Pension Liability

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

Use of Estimates

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

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(a) of the IRC as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv). The Foundation is generally only subject to U.S. federal tax examinations by tax authorities for all years since 2017.

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

Recent Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. With the implementation of GASB Statement No. 95, the GASB Statement No. 87 is effective for the periods beginning after June 15, 2021.

Management is currently evaluating the impact of this unadopted standard on the Foundation's financial statements.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Restricted Cash

At June 30, 2021 and 2020, the recorded amount of cash, cash equivalents, and restricted cash of the Foundation's deposits was \$53,214,998 and \$16,717,459, respectively. Operating bank account balances were \$10,977,754 and \$9,349,721 as of June 30, 2021 and 2020, respectively. Cash equivalents and restricted cash include \$42,351,032 and \$7,781,497 as of June 30, 2021 and 2020, respectively, held in a series of money market funds held in brokerage accounts with an average duration of less than one year and a credit rating of AAA.

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Custodial Credit Risk – Deposits

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

At June 30, 2021 and 2020, \$10,227,754 and \$8,559,721, respectively, in cash deposits are not insured by federal deposit insurance and are not collateralized.

Investments

The goal of the Foundation's investment program for endowments is set forth in the investment policy manual as approved by the Foundation's board of directors. Such goal is to provide a total return from assets invested that will preserve the purchasing power of the endowment assets, while generating an income stream to support the activities of the colleges and units of the University. The investment policy manual also provides information on asset classes, target allocations and ranges of acceptable investment categories. However, the policy does not address specific types of risks such as credit risk, interest rate risk and foreign currency risk that the Foundation may be exposed to as outlined below. Endowment investments were approximately \$210,428,000 and \$161,661,000 as of June 30, 2021 and 2020, respectively.

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

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

	2021	2020
Domestic Equity	\$ 34,789,149	\$ 17,913,984
International Equity	105,391,057	73,859,990
Domestic Fixed Income	63,944,801	51,433,773
International Fixed Income	15,295,517	16,979,591
Global All Assets	-	15,216,281
Hedge Funds	25,469,356	22,529,910
Private Equity	13,232,730	9,866,378
Real Assets	7,523,153	6,120,966
Private Debt	10,082,680	7,129,644
Total Investments	<u>\$ 275,728,443</u>	<u>\$ 221,050,517</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Investments (Continued)

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

	2021	2020
Net Realized Gains on Investments	\$ 14,030,167	\$ 4,205,302
Net Unrealized Gains (Losses) on Investments	37,118,269	(1,464,882)
Net Realized and Unrealized Gains on Investments	\$ 51,148,436	\$ 2,740,420

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

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2021 and 2020, excluding mutual funds and alternative investments, are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in book entry form.

Concentration of Credit Risk

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

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following schedule represents the ratings of the Foundation's debt-type investments as of June 30, 2021 and 2020, using nationally recognized statistical ratings quality organizations:

<u>Debt Security Type</u>	<u>Quality Rating</u>	<u>2021 Fair Value</u>	<u>2020 Fair Value</u>
Domestic Fixed Income	AAA	\$ 27,817,443	\$ 2,871,720
Domestic Fixed Income	AA	13,874,819	29,860,149
Domestic Fixed Income	A	173,819	15,601,821
Domestic Fixed Income	BBB+	4,178,985	-
Global All Assets	AA-	-	5,702,931
Global All Assets	BBB	-	4,895,734
Total		<u>46,045,066</u>	<u>58,932,355</u>

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

Alternative Investments*

Domestic Fixed Income	17,899,735	3,100,083
International Fixed Income	15,295,517	16,979,591
Global All Assets	-	4,617,615
Hedge Funds	8,758,678	7,835,923
Private Debt	10,082,680	7,129,644
Total	<u>52,036,610</u>	<u>39,662,856</u>
Total	<u>\$ 98,081,676</u>	<u>\$ 98,595,211</u>

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

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Interest Rate Risk

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

<u>Investment Type</u>	<u>Average Duration</u>	<u>2021 Fair Value</u>	<u>2020 Fair Value</u>
Domestic Fixed Income	Greater than Five Years	\$ 14,069,019	\$ 13,883,273
Global All Assets	Greater than Five Years	-	5,702,931
Domestic Fixed Income	One to Five Years	31,976,047	34,450,417
Global All Assets	One to Five Years	-	4,895,734
Total		<u>46,045,066</u>	<u>58,932,355</u>

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

Alternative Investments*

Domestic Fixed Income	17,899,735	3,100,083
International Fixed Income	15,295,517	16,979,591
Global All Assets	-	4,617,615
Hedge Funds	8,758,678	7,835,923
Private Debt	10,082,680	7,129,644
Total	<u>52,036,610</u>	<u>39,662,856</u>
Total	<u>\$ 98,081,676</u>	<u>\$ 98,595,211</u>

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

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

Fair Value Measurements (Continued)

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

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

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

Level 3 – Unobservable inputs for an asset or liability.

The following valuation techniques and inputs were used to estimate the fair value of assets and liabilities carried at fair value on the statements of financial position. There have been no changes to these techniques and inputs during the years ended June 30, 2021 and 2020.

Cash and Cash Equivalents

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

Domestic Equity

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

Global All Assets

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

Domestic Fixed Income

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

International Equity

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

Real Assets

The fair value of real assets investments are classified as Level 1 and 3. The Level 1 investments are based on quoted prices in an active market. The Level 3 assets include one property consisting of 16 acres of land one mile north of the University. The entitled use consists of low density residential property. The fair value of this property is determined by an appraisal utilizing recent sale and property comparisons of like assets or a recent third-party written purchase offer.

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

Fair Value Measurements (Continued)

The following tables present the assets measured at fair value on a recurring basis on the statements of net position for the years ended June 30, 2021 and 2020, by the GASB Statement No. 72 hierarchy (as described above).

	2021			
	Total	Level 1	Level 2	Level 3
Domestic Equity	\$ 6,946,635	\$ 6,946,635	\$ -	\$ -
Domestic Fixed Income	46,045,066	46,045,066	-	-
International Equity	29,603,665	29,603,665	-	-
Real Assets	5,527,000	-	-	5,527,000
Total Investments by Level	88,122,366	<u>\$ 82,595,366</u>	<u>\$ -</u>	<u>\$ 5,527,000</u>

Alternative investments measured by the net asset value (NAV) and not subject to level classification:

Domestic Equity	27,842,514
Domestic Fixed Income	17,899,735
Hedge Funds:	
Credit	8,758,678
Event Driven	9,003,817
Global Macro	5,476,100
Equity Linked	2,230,761
International Equity	75,787,392
International Fixed Income	15,295,517
Private Equity	13,232,730
Private Debt	10,082,680
Real Assets	1,996,153
Total Investments Measured at the NAV	<u>187,606,077</u>
Total Investments	<u>\$ 275,728,443</u>

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

Fair Value Measurements (Continued)

	2020			
	Total	Level 1	Level 2	Level 3
Domestic Equity	\$ 4,054,381	\$ 4,054,381	\$ -	\$ -
Domestic Fixed Income	48,333,690	48,333,690	-	-
Global All Assets	10,598,666	10,598,666	-	-
International Equity	29,925,457	29,925,457	-	-
Real Assets	5,000,000	-	-	5,000,000
Total Investments by Level	<u>97,912,194</u>	<u>\$ 92,912,194</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>

Alternative investments measured by the net asset value (NAV) and not subject to level classification:

Domestic Equity	13,859,603
Domestic Fixed Income	3,100,083
Global All Assets	4,617,615
Hedge Funds:	
Credit	7,835,923
Event Driven	7,297,978
Global Macro	4,923,700
Long Short	118,654
Equity Linked	2,353,655
International Equity	43,934,533
International Fixed Income	16,979,591
Private Equity	9,866,378
Private Debt	7,129,644
Real Assets	1,120,966
Total Investments Measured at the NAV	<u>123,138,323</u>
Total Investments	<u>\$ 221,050,517</u>

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

Fair Value Measurements (Continued)

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

	2021			
	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at the Net				
Asset Value (NAV):				
Domestic Equity	\$ 27,842,514	\$ -	Immediate	
Domestic Fixed Income	17,899,735	-	Immediate	
Hedge Funds:				
Credit	7,371,431	-	Quarterly	90 Days
Credit	1,387,247	-	Monthly	30 Days
Event Driven	1,997,947	-	Quarterly	90 Days
Event Driven	7,005,870	-	Monthly	30 Days
Global Macro	2,259,083	-	Quarterly	62 Days
Global Macro	3,217,017	-	Monthly	30 Days
Equity Linked	2,230,761	-	Quarterly	60 Days
International Equity	75,787,392	-	Monthly	Immediate
International Fixed Income	15,295,517	-	Monthly	30 Days
Private Equity	13,232,730	11,431,307	NA	NA
Private Debt	10,082,680	3,870,335	NA	NA
Real Assets	1,996,153	3,864,119	NA	NA
Total Investments Measured at the NAV	<u>\$ 187,606,077</u>	<u>\$ 19,165,761</u>		

NA – Information on redemptions is not applicable.

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

Fair Value Measurements (Continued)

	2020			
	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at the Net				
Asset Value (NAV):				
Domestic Equity	\$ 13,859,603	\$ -	Immediate	
Domestic Fixed Income	3,100,083	-	Immediate	
Global All Assets	4,617,615	-	Immediate	
Hedge Funds:				
Credit	6,334,650	-	Quarterly	90 Days
Credit	1,501,273	-	Monthly	60 Days
Event Driven	1,420,573	632,261	Quarterly	90 Days
Event Driven	5,877,405	-	Monthly	30 Days
Global Macro	2,499,011	-	Quarterly	62 Days
Global Macro	2,424,689	-	Monthly	30 Days
Long Short	118,654	-	Monthly	30 Days
Equity Linked	2,353,655	-	Quarterly	60 Days
International Equity	43,934,533	-	Immediate	
International Fixed Income	16,979,591	-	Monthly	30 Days
Private Equity	9,866,378	9,564,116	NA	NA
Private Debt	7,129,644	3,820,017	NA	NA
Real Assets	1,120,966	3,917,988	NA	NA
Total Investments Measured at the NAV	<u>\$ 123,138,323</u>	<u>\$ 17,934,382</u>		

NA – Information on redemptions is not applicable.

Net Asset Value

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

The June 30, 2021 investments held at NAV reflect:

Domestic Equity includes one manager with two funds investing in domestic equities. This type represents a total of 10% of total investment assets. These funds are operated by a money manager that is passively managed to the Russell 3000 index. The funds are privately placed and their fair value cannot be observed through observable inputs through an exchange for the overall funds. The fair value of these funds are provided by the money manager which uses a quoted price in the active markets for the underlying assets.

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

Net Asset Value (Continued)

Domestic Fixed Income includes one manager with two funds investing in fixed income bonds. This type represents a total of 6% of total investment assets. Both funds are operated by a money manager that is actively managed to the Bloomberg Barclay's U.S. Treasury Inflation Protected Securities (TIPS) Index. These funds are privately placed and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of these funds are provided by the money manager which uses a quoted price in the active markets for the underlying assets.

Hedge Funds Credit includes four direct hedge fund managers and represents 3% of total investment assets. The credit class of hedge funds seeks to profit from the mispricing of related debt securities; returns are not generally dependent on the general direction of market movements. This strategy utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their fair value and/or historical norms. This particular portfolio implements managers with a multi-sector expertise in high yield and structured credit. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

Hedge Funds Event Driven includes three direct hedge fund managers that represent 3% of total investment assets. The event driven hedge funds class includes investments in hedge funds that invest across the capital structure in equity and debt securities. Managers invest in situations with the expectation that a near term event will act as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. Events may include: bankruptcies, financial restructurings, mergers, acquisitions and spin-offs. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

Hedge Funds Global Macro includes two direct hedge fund managers and represents 2% of total investment assets. The global macro hedge fund class includes hedge funds that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments and equity indices. Two types of strategies are employed in this portfolio: discretionary strategies that employ broad analysis of economic, financial and political data to identify themes and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

Hedge Funds Equity Linked includes one direct hedge fund manager and represents 1% of total investment assets. The equity linked class of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities; returns are dependent on performance of the equities options. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

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

Net Asset Value (Continued)

International Equity includes five managers and represents 27% of total investment assets. This class consists of active managers investing in established and emerging international markets. The global managers utilize a strategy that includes domestic, international, and global companies. These funds are privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money managers which uses a quoted price in active markets for the underlying assets.

International Fixed Income includes one manager and represents 6% of total investment assets that is actively managed. The fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. The fund is privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity includes seventeen investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$11.4 million; the current value of this portfolio is \$13.2 million or 5% of assets. Private equity is capital not traded on a public, primary exchange. For the purposes of this portfolio, private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, private equity capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Private Debt includes nine investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. The total remaining capital committed in the portfolio is \$3.8 million; the current value of this portfolio \$10 million or 4% of assets. Private debt consists of private notes and debentures that are not traded on a public, primary exchange. For the purposes of this portfolio, the funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private debt is invested with general partners of legally formed limited partnerships whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

Net Asset Value (Continued)

Real Assets include three investment vehicles consisting of a distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$3.8 million; the current value of this portfolio is \$2 million or 0.7% of assets. Real assets consists of capital not traded on a public, primary exchange. For the purpose of this portfolio, real assets include private holdings in domestic and international real estate. Real asset commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the underlying properties.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. As of June 30, 2021 and 2020, the Foundation did not have any direct investments in equity or fixed income 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 investment managers.

NOTE 3 PLEDGES RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Pledges Receivable	\$ 24,541,500	\$ 30,130,152
Less: Allowance for Doubtful Amounts	4,084,000	3,570,000
Less: Discount on Future Payments	548,962	1,833,128
Total Pledges Receivables, Net	<u>\$ 19,908,538</u>	<u>\$ 24,727,024</u>
Current Pledges Receivable, Net	\$ 10,436,259	\$ 12,112,044
Noncurrent Pledges Receivable, Net	<u>9,472,279</u>	<u>12,614,980</u>
Total Pledges Receivable, Net	<u>\$ 19,908,538</u>	<u>\$ 24,727,024</u>

Noncurrent pledges receivable are net of discounts on future payments using a risk-free interest rate at the time the pledge was initially recognized. Discount rates used for pledges currently outstanding range from 0.29% to 2.73%.

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NOTE 4 ENDOWMENTS

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

The Foundation's general spending calculation for eligible endowments was calculated in accordance with the Foundation's investment policy and used a spending rate of 4.0% for fiscal years 2021 and 2020.

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

	<u>2021</u>	<u>2020</u>
Total Endowment Balance	\$ 198,559,038	\$ 160,837,792
Less: Appreciation Portion of Restricted Expendable	<u>51,172,716</u>	<u>17,044,037</u>
Permanently Restricted Nonexpendable Balance	<u>\$ 147,386,322</u>	<u>\$ 143,793,755</u>

NOTE 5 CAPITAL ASSETS

	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Property and Equipment:				
Equipment and Furniture	\$ 4,128,005	\$ 130,244	\$ -	\$ 4,258,249
Less: Accumulated Depreciation	<u>1,744,748</u>	<u>289,748</u>	<u>-</u>	<u>2,034,496</u>
Net Property and Equipment	<u>2,383,257</u>	<u>(159,504)</u>	<u>-</u>	<u>2,223,753</u>
Rental and Other Property:				
Land (Nondepreciable)	63,218,684	34,000	-	63,252,684
Construction-in-Progress - (Nondepreciable)	<u>5,147,104</u>	<u>1,137,780</u>	<u>(4,137,362)</u>	<u>2,147,522</u>
Rental and Other Property - Nondepreciable	<u>68,365,788</u>	<u>1,171,780</u>	<u>(4,137,362)</u>	<u>65,400,206</u>
Buildings and Improvements	91,452,747	3,566,570	-	95,019,317
Site Improvements	494,535	458,728	-	953,263
Less: Accumulated Depreciation	<u>30,749,821</u>	<u>2,671,534</u>	<u>-</u>	<u>33,421,355</u>
Rental and Other Property, Net	<u>61,197,461</u>	<u>1,353,764</u>	<u>-</u>	<u>62,551,225</u>
Net Rental and Other Property	<u>129,563,249</u>	<u>2,525,544</u>	<u>(4,137,362)</u>	<u>127,951,431</u>
Total Net Capital Assets	<u>\$ 131,946,506</u>	<u>\$ 2,366,040</u>	<u>\$ (4,137,362)</u>	<u>\$ 130,175,184</u>

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NOTE 5 CAPITAL ASSETS (CONTINUED)

	June 30, 2019	Increases	Decreases	June 30, 2020
Property and Equipment:				
Equipment and Furniture	\$ 4,041,488	\$ 86,517	\$ -	\$ 4,128,005
Less: Accumulated Depreciation	1,461,451	283,297	-	1,744,748
Net Property and Equipment	<u>2,580,036</u>	<u>(196,779)</u>	-	<u>2,383,257</u>
Rental and Other Property:				
Land (Nondepreciable)	63,218,684	-	-	63,218,684
Construction-in-Progress - (Nondepreciable)	629,112	5,327,105	(809,113)	5,147,104
Rental and Other Property - Nondepreciable	63,847,796	5,327,105	(809,113)	68,365,788
Buildings and Improvements	90,765,039	687,708	-	91,452,747
Site Improvements	494,535	-	-	494,535
Less: Accumulated Depreciation	28,156,961	2,592,860	-	30,749,821
Rental and Other Property, Net	<u>63,102,613</u>	<u>(1,905,152)</u>	-	<u>61,197,461</u>
Net Rental and Other Property	<u>126,950,409</u>	<u>3,421,953</u>	<u>(809,113)</u>	<u>129,563,249</u>
Total Net Capital Assets	<u>\$ 129,530,445</u>	<u>\$ 3,225,174</u>	<u>\$ (809,113)</u>	<u>\$ 131,946,506</u>

Depreciation expense was charged to the following operating expense functions for the years ended June 30:

	2021	2020
Building Operations	\$ 2,776,595	\$ 2,691,470
Management and General	184,687	184,687
Total	<u>\$ 2,961,282</u>	<u>\$ 2,876,157</u>

Other property consists of the following at June 30, 2021 and 2020:

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

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NOTE 5 CAPITAL ASSETS (CONTINUED)

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

During fiscal years 2021 and 2020, there were no payments received for surplus rent under the ground lease due to maintenance and renovations.

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

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

During fiscal years 2021 and 2020, the Foundation received payments of \$0 and \$150,000, respectively, for surplus rent under the ground lease.

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NOTE 6 LONG-TERM LIABILITIES

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

	June 30, 2020	Additions	Reductions	June 30, 2021	Amount Due Within One Year
Research Pavilion, Innovative Center and Orlando Tech Center - Series 2009 Notes:					
2009 Series Note - Taxable	\$ 9,775,000	\$ -	\$ (1,435,000)	\$ 8,340,000	\$ 1,584,000
University Tower and Bimolecular - 2017 Series Note - Tax Exempt	5,920,000	-	(572,000)	5,348,000	591,000
Lake Nona Cancer Center Note - Tax Exempt	50,000,000	-	-	50,000,000	2,000,000
Digital Learning Center Note - Tax Exempt	5,792,000	-	(233,000)	5,559,000	252,000
Total Notes Payable	<u>\$ 71,487,000</u>	<u>\$ -</u>	<u>\$ (2,240,000)</u>	<u>\$ 69,247,000</u>	<u>\$ 4,427,000</u>
Unearned Revenue	\$ 585,226	\$ 994,761	\$ (1,564,936)	\$ 15,051	\$ 15,051
Annuity Obligations	396,609	34,780	(77,636)	353,753	77,636
Deposits	34,016	1	-	34,017	5,916

	June 30, 2019	Additions	Reductions	June 30, 2020	Amount Due Within One Year
Research Pavilion, Innovative Center and Orlando Tech Center - Series 2009 Notes:					
2009 Series Note - Tax Exempt	\$ 11,140,000	\$ -	\$ (1,365,000)	\$ 9,775,000	\$ 1,435,000
University Tower and Bimolecular - 2017 Series Note - Tax Exempt	6,478,000	-	(558,000)	5,920,000	572,000
Lake Nona Cancer Center Note - Tax Exempt	50,000,000	-	-	50,000,000	1,500,000
Digital Learning Center Note - Tax Exempt	6,000,000	-	(208,000)	5,792,000	217,000
Total Notes Payable	<u>\$ 73,618,000</u>	<u>\$ -</u>	<u>\$ (2,131,000)</u>	<u>\$ 71,487,000</u>	<u>\$ 3,724,000</u>
Unearned Revenue	\$ 58,444	\$ 2,904,921	\$ (2,378,139)	\$ 585,226	\$ 585,226
Annuity Obligations	407,962	31,090	(42,443)	396,609	77,636
Deposits	29,287	4,729	-	34,016	20,003

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

Refinanced debt issued on December 17, 2009:

On December 17, 2009, the Foundation entered into a \$19,925,000 16-year note, maturing October 1, 2025, for refinancing the variable rate debt originally issued in 1996 through the Orange County Industrial Development Authority to fixed rate debt issued with Branch Banking and Trust (BB&T). The note is comprised of a \$12,540,000, tax-exempt portion with a fixed rate of 4.96% and a \$7,385,000 taxable portion with a fixed rate of 5.83%. The proceeds from the original note were used to purchase buildings in the Research Park vicinity of Orange County identified as Research Pavilion, IC and the OTC. The buildings represent security for the loan and lease revenues generated from these building has been pledged for debt repayment. For fiscal years 2021 and 2020, lease revenue totaled \$6,370,372 and \$6,655,366, respectively, of these amounts, \$1,708,297 and \$1,866,290, respectively, was used to pay principal and interest on the notes. The total amount of revenue pledged as security over the life of this note is \$8,848,210, which equates to the total remaining principal and interest on the notes.

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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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

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

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

As of June 30, 2021 and 2020, the remaining outstanding principal on the note was \$8,340,000 and \$9,775,000, respectively

University Tower and Biomolecular Building Loans

On May 12, 2017, the Foundation refinanced 5.67% fixed-rate tax-exempt debt, with BB&T to a 3.34% fixed rate tax exempt debt. The principal balance at the time of refinance was \$7,535,000 with the debt still maturing on April 1, 2029. The proceeds from the original note were used to purchase buildings in the Research Park vicinity of Orange County identified as University Tower and the Biomolecular Building. The buildings represent security for the loan and lease revenues generated from these buildings has been pledged for debt repayment. The refinancing resulted in a total interest savings of \$1.3 million with a present value savings of \$1.1 million. The total amount of revenue pledged as security over the life of this note is \$6,182,900 which equates to the total remaining principal and interest on the notes. For fiscal years 2021 and 2020, lease revenue totaled \$2,963,540 and \$2,992,335, respectively. Of these amounts, \$764,952 and \$771,259 were used to pay principal and interest on the notes, respectively.

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

As of June 30, 2021 and 2020, the remaining outstanding principal was \$5,348,000 and \$5,920,000, respectively.

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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Digital Learning Center Loan

On December 11, 2018, the Foundation entered into a tax-exempt \$6,000,000 20-year note with BB&T maturing October 1, 2038 at a fixed rate of 3.93%. The proceeds of the loan were used to purchase a building and related land in the Research Park vicinity of Orange County identified as Digital Learning Center. The purchased property represents security for the loan and lease revenues generated from this building have been pledged for debt repayment. For fiscal years 2021 and 2020, lease revenue totaled \$1,058,909 and \$68,147, respectively, which was used to fund debt payments. For fiscal years 2021 and 2020, the Foundation paid \$407,682 and \$445,881, respectively, in principal and interest on the note. The lease includes two automatic renewal periods which if executed will increase the revenue pledged as security to \$7,034,743, which equates to the total remaining principal and interest on the note.

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

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

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

As of June 30, 2021 and 2020, the remaining outstanding principal was \$5,559,000 and \$5,792,000, respectively.

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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Lake Nona Cancer Center Loan

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

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

As of June 30, 2021 and 2020, the remaining outstanding principal was \$50,000,000.

Covenants

The provisions of the notes described above contain certain covenants requiring the Foundation to, among other things, maintain use of property, provide insurance coverage, and timely reporting of financial performance. Additionally, certain notes require the Foundation to maintain a minimum debt service ratio of 1.5-to-1 and 1.1-to-1 over the life of the loans. The Foundation was in compliance with all loan covenants for fiscal year 2021. During 2020 The Foundation did not receive a full year of rental payments for the Digital Learning Center and therefore received a waiver from the lender on the related debt covenant. The Foundation was in compliance with all other loan covenants for fiscal year 2020.

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NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Principal and Interest Requirements

Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,427,000	\$ 509,492	\$ 4,936,492
2023	4,500,000	444,430	4,944,430
2024	4,569,000	377,786	4,946,786
2025	4,639,000	308,519	4,947,519
2026	4,710,000	237,733	4,947,733
2027-2031	13,693,000	634,523	14,327,523
2032-2036	11,744,000	266,367	12,010,367
2037-2041	10,965,000	40,003	11,005,003
2042-2046	5,000,000	-	5,000,000
2047-2051	5,000,000	-	5,000,000
Total	<u>\$ 69,247,000</u>	<u>\$ 2,818,853</u>	<u>\$ 72,065,853</u>

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

Interest Expense

Total interest expense for the years ended June 30, 2021 and 2020 was \$657,158 and \$952,906, respectively. These amounts are included in building operations in the accompanying statements of revenues, expenses, and changes in net position.

Annuity Obligations

Annuity obligations represent the recorded annuity liability for the future payments to donors and/or their beneficiaries related to planned giving transactions where assets have been received by the Foundation. The liability is initially recorded at the estimated present value of the future payments and is reduced by current-year payments and increased by the yearly accretion of the discount or receipt of new donor annuities. For the years ended June 30, 2021 and 2020, there were payments of \$77,636 and \$77,222, respectively, made on annuities. Payments to the annuitants are made from donated funds restricted for this purpose or from unrestricted funds. The accretion for all of the annuity obligations was approximately \$34,780 and \$34,780 for each of the years ended June 30, 2021 and 2020, respectively.

Deposits

Deposits represent tenant security payments made by occupants of the University Tower, Research Pavilion, IC and OTC, other than University tenants. Deposits become current in the year that the lease terminates.

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NOTE 7 PASS-THROUGH DONATIONS (UNAUDITED)

Certain tangible properties are donated as gifts in kind directly to the University. These donations, which are passed through the Foundation, are recognized as support by the University but are not recognized as revenue by the Foundation because the Foundation serves only as an agent for the University. Total pass-through donations received in fiscal years 2021 and 2020 were approximately \$568,000 and \$6,918,000, respectively.

NOTE 8 RELATED PARTY TRANSACTIONS

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

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

Significant transactions between the Foundation, University, and their related DSOs were as follows in 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Noncash Support Received from the University and its DSOs:		
University of Central Florida	<u>\$ 11,032,633</u>	<u>\$ 12,094,794</u>
Total Program Support from Related Parties	<u>\$ 11,032,633</u>	<u>\$ 12,094,794</u>
Funds Received for Rent and Reimbursement Related to Leases from the University:		
Total Revenues	<u>\$ 14,541,281</u>	<u>\$ 16,493,758</u>
Total Rent and Reimbursements from Related Parties	<u>\$ 14,541,281</u>	<u>\$ 16,493,758</u>

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NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

	2021	2020
Payments Made to the University for:		
Salaries and Benefits	\$ 11,758,012	\$ 11,352,397
Construction Related Costs*	6,344,060	11,270,619
Scholarships	3,984,950	3,635,206
Other Program Related	1,222,372	1,537,866
Total Payments Made to the University	\$ 23,309,394	\$ 27,796,088
*Includes payments made to UCF Finance Corporation		
Receivables:		
From the University:		
Salary Reimbursements	\$ 997	\$ -
Rent Reimbursements	36,767	-
Total Receivables from the University	37,764	-
From UCF Athletics Association, Inc.:		
Line of Credit	4,000,000	-
Accrued interest	52,500	-
Total Receivables from Related Parties	\$ 4,090,264	\$ -
Payables:		
To the University:		
Salary Reimbursements	\$ 283,712	\$ 363,943
Rent Reimbursements	260,795	164,259
Payables for Programs	34,693	15,147
Total Payables to the University	579,200	543,349
To Limbitless Solutions, Inc.	15,737	6,640
To UCF Convocation Corporation, Inc.	-	800
To UCF Research Foundation, Inc.	38,500	500
To UCF Finance Corporation	70,000	2,203
To UCF Athletic Association, Inc.	1,158,038	301,173
Total Payables to Related Parties	\$ 1,861,475	\$ 854,665

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

Portions of the Foundation's pledge receivable balance of \$1,207,932 and \$1,484,332 as of June 30, 2021 and 2020, respectively, are commitments made by several members of the Foundation's board of directors. In addition, the Foundation received \$822,518 and \$870,243 during fiscal years 2021 and 2020, respectively, in cash contributions and pledge payments from various members of the Foundation's board of directors.

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NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

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

NOTE 9 OPERATING LEASES PAID TO THE FOUNDATION

The Foundation leases office space to the University and other entities under operating leases with existing terms of one to five years (see Note 6), with the exception of the Lake Nona Cancer Center, which is leased for a term of 30 years.

At June 30, 2021, approximate future minimum rental payments to be received under noncancelable operating leases are as follows:

<u>Year Ending June 30,</u>	University- Affiliated Tenants	Commercial Tenants	Total
2022	\$ 10,882,099	\$ 251,926	\$ 11,134,025
2023	10,309,809	244,130	10,553,939
2024	10,309,809	203,610	10,513,419
2025	7,708,968	192,352	7,901,320
2026	4,128,978	128,097	4,257,075
2027-2031	12,128,978	2,605	12,131,583
2032-2036	12,128,978	-	12,128,978
2037-2041	12,128,978	-	12,128,978
2042-2046	7,128,978	-	7,128,978
2047-2051	7,128,978	-	7,128,978
Total	<u>\$ 93,984,553</u>	<u>\$ 1,022,720</u>	<u>\$ 95,007,273</u>

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

Total lease revenues for the years ended June 30, 2021 and 2020 were \$14,855,815 and \$16,539,021, respectively, which includes \$5,367,888 and \$6,033,085, respectively, in rent revenues from CAM recoveries from tenants as discussed in Note 1.

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NOTE 10 ADMINISTRATIVE FEES

The endowment fee represents an allocation for management and administration of endowed funds and is assessed on all endowments, including eminent scholar chairs, major gifts, other, etc., that represents a transfer from restricted to unrestricted funds. The endowment fee assessed on a monthly basis, is based on the fair value of the fund and totals an annual rate of 2.25% on endowed funds, resulting in a fee for fiscal years 2021 and 2020 of \$4,037,679 and \$3,603,708, respectively. For financial reporting purposes, these fees are eliminated. Effective July 1, 2021, the Foundation reduced the endowment fee to 2.15% and will further continue to reduce this fee by 0.10% each year through July 1, 2023, until the target rate of 1.95% is reached.

NOTE 11 PENSION PLANS

Florida Retirement System (FRS)

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

State University System Optional Retirement Program

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

Public Employee Optional Retirement Program

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

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

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NOTE 11 PENSION PLANS (CONTINUED)

Other Postemployment Healthcare Benefits

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

NOTE 12 RISK MANAGEMENT

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

During the year ended June 30, 2021, basic types of insurance coverage remained the same as the types of coverage for June 30, 2020. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Commitments

In August 2015, The Foundation agreed to sell a portion of property adjacent to the University boundary to CCRC Development Corporation (CDC), a University Affiliated continuing care retirement community known as Legacy Pointe at UCF. In connection with the sale, the Foundation issued an unsecured promissory note to CDC for \$2,352,450 that accrued interest at 10% (beginning in March 2018) until repayment could be made by CDC through proceeds of permanent financing on the project. The note and related accrued interest was paid in full in December 2019.

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

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NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments (Continued)

Since CDC finalized financing for the project during fiscal year 2020, the Foundation was required to fulfill its commitment to fund the LSA held by trustee. The Foundation funded the LSA in fiscal year 2020 using approximately \$2.8 million in proceeds from the CDC promissory note payment and related accrued interest which is being held in a liquidity support account held by the master trustee. The Foundation also funded an additional \$2.2 million of unrestricted funding in accordance with the agreement which is being held in a liquidity escrow account at the Foundation, pledged to fund and secure the Foundation's obligations to make future transfers to the liquidity support account. As of June 30, 2021 there have been no draws on the liquidity support account or funding from the liquidity escrow account. The total of approximately \$5,000,000 available in both accounts are included in restricted cash and investments on the Foundation's statements of net position.

Contingencies

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

NOTE 14 SUBSEQUENT EVENT – LINE OF CREDIT WITH UCF ATHLETICS ASSOCIATION, INC.

On September 10, 2021, the Foundation amended the terms of the revolving line of credit with the UCF Athletics Association, Inc. as disclosed in Note 8 to assist with expenses related to transitioning athletic conferences. Under the terms of the amended agreement, the amount available under the line of credit was increased from \$4,000,000 to \$10,000,000. In addition, the maturity date was modified to be three (3) years from the date of the amendment and may be renewed for up to two (2) additional 12-month periods, upon agreement by all parties. All other terms under the original line of credit remain unchanged.

On the same date of the amendment, the Foundation funded \$5,000,000 to the UCF Athletics Association, Inc., bringing the total amount outstanding on the line of credit to \$9,000,000 as of the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
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SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable Endowments		
OPERATING REVENUES					
Contributions, Net	\$ 40,385,689	\$ 19,494,101	\$ -	\$ -	\$ 59,879,790
Rental Income	14,855,815	-	-	-	14,855,815
Net Realized and Unrealized					
Gains on Investments	7,509,061	43,639,375	-	-	51,148,436
Interest and Dividends	558,882	868,207	-	-	1,427,089
License Plate Proceeds	874,637	-	-	-	874,637
Advertising and Royalties	192,848	17,120	-	-	209,968
Other Miscellaneous	4,987	219,012	-	-	223,999
Total Operating Revenues, Net	<u>64,381,919</u>	<u>64,237,815</u>	<u>-</u>	<u>-</u>	<u>128,619,734</u>
OPERATING EXPENSES					
Building Operations	8,071,706	-	-	2,769,928	10,841,634
Athletics	-	6,055,549	-	-	6,055,549
Fundraising	6,107,065	356,804	-	-	6,463,869
Management and General	7,029,829	(3,129)	-	184,687	7,211,387
Student Aid	399,507	4,237,005	-	-	4,636,512
Academic Programs	170,795	9,791,215	-	-	9,962,010
Alumni Relations	2,902,164	75,767	-	-	2,977,931
General Support to UCF	1,139,729	3,679,959	-	6,667	4,826,355
Research	-	363,593	-	-	363,593
Total Operating Expenses	<u>25,820,795</u>	<u>24,556,763</u>	<u>-</u>	<u>2,961,282</u>	<u>53,338,840</u>
OPERATING GAIN (LOSS)	38,561,124	39,681,052	-	(2,961,282)	75,280,894
NONOPERATING REVENUES					
Support from UCF - Noncash	11,032,633	-	-	-	11,032,633
Change in Value of Split Interest					
Agreements	(5,532)	(29,248)	-	-	(34,780)
Total Nonoperating Revenues	<u>11,027,101</u>	<u>(29,248)</u>	<u>-</u>	<u>-</u>	<u>10,997,853</u>
GAIN (LOSS) BEFORE ENDOWMENT CONTRIBUTIONS	49,588,225	39,651,804	-	(2,961,282)	86,278,747
ENDOWMENT CONTRIBUTIONS	-	-	3,236,453	-	3,236,453
GAIN (LOSS) BEFORE TRANSFERS	49,588,225	39,651,804	3,236,453	(2,961,282)	89,515,200
TRANSFERS					
Net Transfers In (Out)	13,609	(369,723)	356,114	-	-
Internal Fees In (Out)	4,037,679	(4,037,679)	-	-	-
Capital Asset Adjustments In (Out)	(3,429,961)	-	-	3,429,961	-
Total Transfers	<u>621,327</u>	<u>(4,407,402)</u>	<u>356,114</u>	<u>3,429,961</u>	<u>-</u>
CHANGE IN NET POSITION	50,209,552	35,244,402	3,592,567	468,679	89,515,200
Net Position - Beginning of Year	24,080,237	93,875,472	143,793,755	60,459,505	322,208,969
NET POSITION - END OF YEAR	<u>\$ 74,289,789</u>	<u>\$ 129,119,874</u>	<u>\$ 147,386,322</u>	<u>\$ 60,928,184</u>	<u>\$ 411,724,169</u>

UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable Endowments		
OPERATING REVENUES					
Contributions, Net	\$ 383,934	\$ 16,241,262	\$ -	\$ -	\$ 16,625,196
Rental Income	16,539,021	-	-	-	16,539,021
Net Realized and Unrealized					
Gains on Investments	1,818,630	921,790	-	-	2,740,420
Interest and Dividends	933,096	1,216,262	-	-	2,149,358
License Plate Proceeds	758,562	-	-	-	758,562
Advertising and Royalties	256,923	23,285	-	-	280,208
Other Miscellaneous	1,987	719,639	-	-	721,626
Total Operating Revenues, Net	<u>20,692,153</u>	<u>19,122,238</u>	<u>-</u>	<u>-</u>	<u>39,814,391</u>
OPERATING EXPENSES					
Building Operations	9,936,433	-	-	2,684,803	12,621,236
Athletics	-	4,169,195	-	-	4,169,195
Fundraising	6,425,136	438,607	-	-	6,863,743
Management and General	7,390,021	5,145	-	184,687	7,579,853
Student Aid	239,394	3,700,382	-	-	3,939,776
Academic Programs	200,933	11,775,565	-	-	11,976,498
Alumni Relations	3,171,321	72,207	-	-	3,243,528
General Support to UCF	1,264,707	3,493,175	-	6,667	4,764,549
Research	-	819,631	-	-	819,631
Total Operating Expenses	<u>28,627,945</u>	<u>24,473,907</u>	<u>-</u>	<u>2,876,157</u>	<u>55,978,009</u>
OPERATING GAIN (LOSS)	(7,935,792)	(5,351,669)	-	(2,876,157)	(16,163,618)
NONOPERATING REVENUES					
Support from UCF - Noncash	12,094,794	-	-	-	12,094,794
Change in Value of Split Interest					
Agreements	(5,532)	(29,248)	-	-	(34,780)
Total Nonoperating Revenues	<u>12,089,262</u>	<u>(29,248)</u>	<u>-</u>	<u>-</u>	<u>12,060,014</u>
GAIN (LOSS) BEFORE ENDOWMENT CONTRIBUTIONS	4,153,470	(5,380,917)	-	(2,876,157)	(4,103,604)
ENDOWMENT CONTRIBUTIONS	-	-	4,613,816	-	4,613,816
GAIN (LOSS) BEFORE TRANSFERS	4,153,470	(5,380,917)	4,613,816	(2,876,157)	510,212
TRANSFERS					
Net Transfers In (Out)	(24,922)	24,922	-	-	-
Internal Fees In (Out)	3,603,708	(3,603,708)	-	-	-
Capital Asset Adjustments In (Out)	(7,423,217)	-	-	7,423,217	-
Total Transfers	<u>(3,844,431)</u>	<u>(3,578,786)</u>	<u>-</u>	<u>7,423,217</u>	<u>-</u>
CHANGE IN NET POSITION	309,039	(8,959,703)	4,613,816	4,547,060	510,212
Net Position - Beginning of Year	<u>23,771,198</u>	<u>102,835,175</u>	<u>139,179,939</u>	<u>55,912,445</u>	<u>321,698,757</u>
NET POSITION - END OF YEAR	<u>\$ 24,080,237</u>	<u>\$ 93,875,472</u>	<u>\$ 143,793,755</u>	<u>\$ 60,459,505</u>	<u>\$ 322,208,969</u>

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM
YEAR ENDED JUNE 30, 2021**

Description Endowed	Beginning Corpus Balance June 30, 2020	Beginning Total Balance June 30, 2020	Corpus Contributed During the Year	Gifts to Spending During the Year	Interest Income and Investment Earnings	Administrative Fees	Other Expenditures	Transfers	Ending Corpus Balance June 30, 2021	Ending Total Balance June 30, 2021
ABC Fine Wine & Spirits Undergraduate Scholarship Endowment	\$ 630,000	\$ 800,545	\$ -	\$ -	\$ 217,430	\$ (19,744)	\$ (3,750)	\$ -	\$ 630,000	\$ 994,481
Accounting Advisory Board Endowed Scholarship Fund	159,130	215,973	-	-	50,499	(4,586)	(21,954)	-	159,130	239,932
Accounting Advisory Board Research Support Fund	342,629	485,088	-	-	107,948	(9,802)	-	-	342,629	583,234
AdventHealth Foundation Endowed Chair in Cardiovascular Research	1,750,341	2,119,788	-	-	555,861	(50,476)	(24,057)	-	1,750,341	2,601,116
Agere Systems Eminent Scholar Chair of Computer Science	1,020,000	1,458,205	-	-	350,230	(31,804)	(35,191)	-	1,020,000	1,741,440
Al & Nancy Burnett Eminent Scholar Chair in Accounting	1,020,500	1,662,200	-	-	390,043	(35,419)	(94,552)	-	1,020,500	1,922,272
Alex Alexander Endowed Professorship	195,679	276,338	-	-	65,237	(5,924)	-	-	195,679	335,651
Alumni Trust "A" Endowment	779,642	981,930	3,040	-	258,347	(23,462)	(9,000)	-	782,682	1,210,855
Anheuser-Busch Academic Enhancement Fund	750,000	1,146,408	-	-	220,360	(20,010)	-	-	750,000	1,346,758
ARDA Timeshare Professorship Endowed Fund	150,000	234,229	-	-	56,510	(5,132)	-	-	150,000	285,607
Arthur & Sally Hillman Endowed Scholarship	299,069	324,197	-	-	85,757	(7,787)	(20,000)	-	299,069	382,167
AT&T Wireless Endowed Scholarship Fund	150,000	170,719	-	-	43,013	(3,906)	(2,125)	-	150,000	207,701
BE2000 Leadership Endowed Scholarship Fund	1,063,996	1,751,535	-	-	385,733	(35,027)	(11,000)	-	1,063,996	2,091,241
Beat M. and Jill L. Kahil Endowed Professorship in Oncology Nursing	480,075	587,060	-	-	153,889	(13,974)	(19,914)	-	480,075	707,061
Bert Fish Memorial Eminent Scholar Chair In Nursing Education	1,020,000	1,247,242	-	-	324,513	(29,468)	(89,248)	-	1,020,000	1,453,039
Business Ethics Endowed Scholarship	145,000	155,794	-	-	41,752	(3,791)	(8,541)	-	145,000	185,214
C.G. Avery Professorship in Accounting	151,430	217,898	-	-	51,337	(4,662)	(805)	-	151,430	263,768
CAE Link Endowed Professorship	180,000	286,923	-	-	69,436	(6,305)	(7,174)	-	180,000	342,880
Carl H. Galloway, Jr. Chair for Excellence in Business	1,000,000	2,021,505	-	-	425,409	(38,630)	(36,491)	-	1,000,000	2,371,793
CBA Department of Marketing Endowed Faculty Development Account	164,672	240,970	-	-	47,336	(4,298)	-	-	164,672	284,008
Central Florida Chapter of the Air Force Association Air Force ROTC Endowed Scholarship	167,602	200,862	1,600	-	52,834	(4,796)	(3,000)	-	169,202	247,500
Central Florida Hotel Lodging Association Professorship	150,000	278,278	-	-	67,769	(6,154)	1,007	-	150,000	340,900
Central Florida Kidney Center Endowed Scholarship	150,000	168,190	-	-	44,157	(4,010)	(6,600)	-	150,000	201,737
Charles N. Millican Eminent Scholar Chair in Computer Science	1,001,000	1,428,924	-	-	343,616	(31,203)	(25,000)	-	1,001,000	1,716,337
Cobb Family Eminent Scholar Chair	1,092,500	1,906,052	4,000	-	471,935	(42,856)	(55,530)	-	1,096,500	2,283,601
College of Engineering Alumni Chapter Endowed Scholarship	267,329	287,301	295	-	76,690	(6,964)	(11,625)	-	267,624	345,697
Conway Garden Club Endowed Professorship Fund	150,000	184,092	-	-	47,203	(4,286)	(5,320)	-	150,000	221,689
Daniel D. Hammond Engineering Endowed Scholarship/Fellowship	244,687	264,665	-	-	70,167	(6,372)	(6,000)	-	244,687	322,460
Darden Restaurants Academic Excellence Fund	4,000,002	4,988,591	-	-	1,184,317	(107,545)	(667,204)	-	4,000,002	5,398,159
Davis-Shine Endowed Professorship in Conservation Biology	150,050	189,544	-	-	47,216	(4,288)	-	-	150,050	232,472
Della Phillips Martha Schenck Chair of American Private Enterprise	1,000,000	1,662,371	-	-	340,921	(30,958)	(72,288)	-	1,000,000	1,900,046
DeVos / Orlando Magic Sport Business Management Endowed Scholarship	150,000	185,566	-	-	43,462	(3,947)	(4,000)	-	150,000	221,081
DeVos Endowment for Academics and Sports	10,000,250	10,506,333	-	-	2,851,722	(258,958)	(448,923)	-	10,000,250	12,650,174
DeVos Sport Business Management Program Endowed Fund	5,000,025	5,300,449	-	-	1,433,805	(130,200)	(217,499)	-	5,000,025	6,386,555
Doris H. Lester Endowed Merit Scholarship	150,000	160,077	-	-	42,692	(3,877)	(6,000)	-	150,000	192,892
Dorothy Anne Perkins Tomlinson Endowed Scholarship Fund	155,000	168,057	1,000	-	44,617	(4,049)	(5,000)	-	156,000	204,625
Dr. P. Phillips Institute for Research and Education	1,780,000	2,124,943	-	-	546,100	(49,590)	(111,721)	-	1,780,000	2,509,732
Edmond and Victoria Wirths Memorial Scholarship	267,589	355,220	-	-	76,730	(6,968)	(10,175)	-	267,589	414,807
EY Endowed Professorship of Accounting	154,549	258,390	-	-	60,541	(5,498)	(4,046)	-	154,549	309,387
Florida Blue Endowed Visiting Professorship in Nursing	300,000	399,619	-	-	94,864	(8,660)	-	-	300,000	485,823

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Description Endowed	Beginning Corpus Balance June 30, 2020	Beginning Total Balance June 30, 2020	Corpus Contributed During the Year	Gifts to Spending During the Year	Interest Income and Investment Earnings	Administrative Fees	Over Expenditures	Transfers	Ending Corpus Balance June 30, 2021	Ending Total Balance June 30, 2021
Frank M. Hubbard Engineering Endowed Scholarship	\$ 152,500	\$ 198,520	\$ -	\$ -	\$ 53,025	\$ (4,815)	\$ (8,000)	\$ -	\$ 152,500	\$ 238,730
Fullerton Family Fund Endowed	386,797	422,924	-	-	108,586	(9,860)	(3,388)	-	386,797	518,262
Gerald R. Langston Endowed Scholarship	152,493	167,500	-	-	45,359	(4,119)	-	-	152,493	208,740
Gerry and Ruth Hartman Endowed Professorship	150,000	191,731	-	-	48,357	(4,391)	(4,514)	-	150,000	231,183
Greater Orlando Builders Association Foundation Endowed Scholarship	150,000	184,834	-	-	46,062	(4,183)	(2,000)	-	150,000	224,713
Harris Corporation Broadcast Center Endowment Fund	150,000	213,840	-	-	43,588	(3,958)	-	-	150,000	253,470
Harris Rosen Endowed Fund	2,170,000	2,281,446	-	-	608,509	(55,257)	(123,907)	-	2,170,000	2,710,791
Helene Fuld Health Trust Scholarship Fund Endowed	876,167	945,163	-	-	250,855	(22,779)	(39,000)	-	876,167	1,134,239
HFTP Financial Management and Technology Professorship Endowed Fund	150,000	228,992	-	-	54,994	(4,994)	-	-	150,000	278,992
Hospitality and Travel Industry Education and Research Program	6,000,826	7,143,331	-	-	1,720,699	(156,253)	(149,716)	-	6,000,826	8,558,061
Howard Phillips Eminent Scholar Chair in Real Estate	1,020,000	1,102,226	-	-	294,140	(26,710)	(49,071)	-	1,020,000	1,320,585
Hubbs-Sea World Endowed Professorship	150,000	169,078	-	-	43,024	(3,907)	-	-	150,000	208,195
Hughes Simulation Systems Professorship	180,060	468,144	-	-	71,083	(6,455)	-	-	180,060	532,772
J. Willard and Alice S. Marriott Foundation Academic Excellence Fund	150,050	210,626	-	-	43,036	(3,908)	-	-	150,050	249,754
Jack D. Holloway Endowed Scholarship	600,000	770,963	-	-	192,363	(17,468)	(14,500)	-	600,000	931,358
James and Annie Ying Eminent Scholar in Biology Program Endowment	150,000	165,279	-	-	44,842	(4,072)	(7,131)	-	150,000	198,918
Jim Heistand NAIOP Eminent Scholar Endowed Chair in Real Estate	820,550	955,351	-	-	262,640	(23,850)	(29,076)	-	820,550	1,165,065
John L. Brinson Endowed Scholarship	101,000	133,079	-	-	32,959	(2,993)	(1,500)	-	101,000	161,545
John L. Brinson Ethics Professorship	50,520	78,422	-	577	18,690	(1,697)	(5,984)	-	50,520	90,008
Kenneth G. Dixon School of Accounting Endowment Fund	5,022,920	6,466,521	-	-	1,481,360	(134,519)	(144,298)	-	5,022,920	7,669,064
Kimball Foundation Minority Scholarship Endowment	152,300	179,953	-	-	48,876	(4,438)	(7,579)	-	152,300	216,812
KPMG Peat Marwick Professorship Endowment	172,875	241,311	-	-	58,818	(5,341)	(8,069)	-	172,875	286,719
Langford Family Foundation Endowed Scholarship Fund	180,643	190,471	-	-	51,547	(4,681)	(6,000)	-	180,643	231,337
Lockheed Martin Eminent Scholar Chair of Science and Math	1,759,755	2,233,166	-	-	552,089	(50,134)	(80,963)	-	1,759,755	2,654,158
Lockheed Martin Professorship in Engineering	150,000	224,165	-	-	55,968	(5,082)	(13,061)	-	150,000	261,990
Lockheed Martin St. Laurent Professorship	160,000	273,244	-	-	63,906	(5,803)	-	-	160,000	331,347
Lockheed Martin Transition to Mathematics and Science Teaching Endowed Fund	677,500	833,354	-	-	191,926	(17,428)	(5,500)	-	677,500	1,002,352
Lucia C. Cooke Endowed Music Scholarship Fund	162,903	235,027	-	-	47,625	(4,325)	(8,000)	-	162,903	270,327
Mary P. McNamara Scholarship Endowment #1	150,000	177,579	-	-	48,230	(4,380)	(7,479)	-	150,000	213,950
Mary P. McNamara Scholarship Endowment #2	150,000	168,680	-	-	43,059	(3,910)	(12,000)	-	150,000	195,829
McArdle Graduate Assistantship in Real Estate Fund	150,000	196,158	-	-	44,617	(4,052)	-	-	150,000	236,723
Mildred W. Coyle Eminent Scholar Endowed Chair	1,020,000	1,219,588	-	-	292,553	(26,566)	(20,707)	-	1,020,000	1,464,868
Moss Family Endowed Scholarship Fund	594,891	676,815	-	-	172,108	(15,629)	(55,929)	-	594,891	777,365
NAIOP Jim Brown Endowed Real Estate and Business Ethics Scholarship Fund NAIOP - National Associa	204,100	261,847	-	-	58,702	(5,331)	-	-	204,100	315,218
Northrop Grumman Scholarship Fund (Formerly Littton Scholarship End)	214,743	374,427	-	-	92,619	-8,411	-24,500	-	214,743	434,135
Orlando Sentinel Endowed Scholarship	252,500	324,597	-	-	71,422	(6,486)	-	-	252,500	389,533
Orlando Shakespeare Theater Endowment in Playwriting	775,000	813,159	-	-	220,604	(20,032)	(33,135)	-	775,000	980,596
Progress Energy Endowed Scholarship Fund	151,500	211,464	-	-	54,554	(4,954)	(7,625)	-	151,500	253,439
Richard T. Crotty Orange County Endowed Chair	1,020,000	1,415,156	-	-	334,610	(30,385)	(55,701)	-	1,020,000	1,663,680
Robert E. & Elisabeth S. Carey Library Endowment	338,343	408,038	-	-	97,077	(8,815)	(3,000)	-	338,343	493,300
Robert N. Heintzelman Eminent Scholar Endowed Chair Fund	1,020,570	1,342,466	-	-	320,695	(29,121)	(53,145)	-	1,020,570	1,580,895

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
ENDOWMENTS UNDER MAJOR GIFT PROGRAM (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Description Endowed	Beginning Corpus Balance June 30, 2020	Beginning Total Balance June 30, 2020	Corpus Contributed During the Year	Gifts to Spending During the Year	Interest Income and Investment Earnings	Administrative Fees	Over Expenditures	Transfers	Ending Corpus Balance June 30, 2021	Ending Total Balance June 30, 2021
Robertson Student Support Fund	\$ 287,329	\$ 389,665	\$ -	\$ -	\$ 81,310	\$ (7,384)	\$ -	\$ -	\$ 287,329	\$ 463,591
Sadler National Merit Scholarship Endowment	675,000	714,794	-	-	193,932	(17,611)	(30,839)	-	675,000	860,276
SAIC Endowed Professorship	150,000	198,404	-	-	46,592	(4,231)	(430)	-	150,000	240,335
Skura Family Endowed Freedom Scholarship	700,025	761,603	-	-	203,397	(18,470)	(10,000)	-	700,025	936,530
Sonny's Endowment for the President's Scholars Program	170,150	203,031	-	-	53,676	(4,869)	-	-	170,150	251,838
Suchoski Graduate Fellowship Endowed Fund	300,000	429,010	-	-	104,167	(9,459)	(15,000)	-	300,000	508,718
Tess and Abe Wise Endowed Professorship in Judaic Studies	157,176	220,473	-	18	52,930	(4,806)	(12,903)	-	157,176	255,712
The Al Ghazali Endowed Distinguished Professorship in Islamic Studies	841,168	1,099,329	-	-	270,433	(24,557)	(20,883)	-	841,168	1,324,322
The Bob Neel Rotary Club of Orlando Endowed Scholarship	188,155	204,138	-	-	55,399	(5,031)	-	(8,758)	188,155	245,748
The Chatlos Foundation Endowed Chair in Nursing	1,020,000	1,212,044	-	-	320,812	(29,132)	(36,494)	-	1,020,000	1,467,230
The Darden Chair in Restaurant Management	1,020,000	1,781,326	-	-	425,851	(38,670)	-	-	1,020,000	2,168,507
The Dr. Neil Eullano Endowed Chair in Italian Studies	1,020,000	1,160,526	-	-	302,811	(27,498)	(20,975)	-	1,020,000	1,414,864
The Elizabeth Willey Endowed Scholarship Fund	150,200	176,170	-	-	47,848	(4,345)	(7,420)	-	150,200	212,253
The Harris Rosen Endowment Fund for the Hospitality Management Program Scholarship	2,170,000	2,304,902	-	-	609,546	(55,351)	(142,500)	-	2,170,000	2,716,597
The Judith and David Albertson Endowment in the Arts	560,000	697,379	-	-	162,988	(14,801)	(24,828)	-	560,000	820,738
The Lester N. Mandell Endowed Distinguished Lecture Series	615,100	783,065	-	-	184,671	(16,770)	(62,000)	-	615,100	888,966
The Margaret Scott Brown Memorial Music Fund	242,649	295,233	-	-	69,639	(6,324)	(6,585)	-	242,649	351,963
The Pattisapu Neuroscience Research, Education and Development Fund	345,200	490,539	-	-	111,903	(10,162)	-	-	345,200	592,280
The Shirley and Dick Wetherill Endowed Music Scholarship Fund	242,699	326,837	-	-	69,692	(6,329)	(15,875)	-	242,699	374,325
The SunTrust Bank, Central Florida, N.A. Eminent Scholar Chair of Banking	1,020,000	1,890,908	-	-	449,932	(40,857)	(69,540)	-	1,020,000	2,230,443
The Walter & Betty Boardman Endowed Professorship in Environmental Studies for Public Administration	151,500	268,418	-	-	62,251	(5,653)	(11,171)	-	151,500	313,845
Tony and Sonja Nicholson Endowment for the Nicholson School of Communication	1,767,850	1,989,506	-	(9,875)	514,547	(46,725)	(26,559)	(169)	1,767,850	2,420,725
UCF History Endowment Fund	150,083	175,249	-	-	43,249	-3,927	-1,500	-	150,083	213,071
University Club of Orlando Lead Scholarship #2	167,500	174,742	(10,000)	-	44,483	(4,040)	-	-	157,500	205,185
University Club of Orlando Scholarship Fund	150,000	182,128	-	-	46,852	(4,254)	(8,400)	-	150,000	216,326
Visit Orlando Endowed Chair	4,000,004	4,527,678	-	-	1,145,817	(104,051)	(216,147)	-	4,000,004	5,353,297
Vivian and Barry Woods Educational Endowment	256,250	279,741	-	-	74,028	(6,722)	(11,000)	-	256,250	336,047
Walt Disney World Academic Excellence Fund	2,560,002	3,161,907	-	-	724,261	(65,768)	(97,533)	-	2,560,002	3,722,867
Walt Disney World Co. Design and Engineering Endowed Scholarship	300,000	326,312	-	-	86,044	(7,813)	(13,375)	-	300,000	391,168
Wharton-Smith Group Endowed Professorship	150,000	193,435	-	-	45,296	(4,113)	(714)	-	150,000	233,904
William S. and Alice M. Jenkins Eminent Scholar Chair in Community Arts	1,007,548	1,477,782	-	33	355,007	(32,237)	(36,758)	-	1,007,548	1,763,827
William C. Schwartz Endowed Graduate Fellowship Fund	161,349	238,793	-	-	57,329	(5,206)	(5,000)	-	161,349	285,916
Total	\$ 88,829,889	\$ 110,980,855	\$ (8)	\$ (9,247)	\$ 27,425,649	\$ (2,490,497)	\$ (3,943,356)	\$ (8,927)	\$ 88,829,881	\$ 131,954,469

OTHER INFORMATION (UNAUDITED)

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

Term Expires June 30, 2024 - 5 Individuals

1. Alan Florez '98 (resigned 6/30/2021)
2. John "Barry" Forbes '86
3. Laurence "Chris" Marlin '94
4. Thomas McNamara '88
5. Marc McMurrin '01

Term Expires June 30, 2023 – 6 individuals

1. Jessica Blume '80
2. Roslyn Burttram
3. Gideon Lewis '00
4. Dana Patton '93
5. Mark Plaumann '74 '79
6. Kevin Wydra '92

Term Expires June 30, 2022 - 10 Individuals

1. Sara Bernard '00
2. Clint Bullock '95
3. Brian Butler
4. Loretta Corey H'17
5. John D. Euliano H'18
6. Diane Mahony '96
7. Cathy Mccaw Engelman
8. Mary Beth Morgan
9. Chris Tomasso '93
10. Joyce Virga '98

Term Expires June 30, 2021 - 5 Individuals

1. Carrie Callahan '92
2. Kevin Miller
3. Antonio Moreno '91
4. Dianne Owen '93
5. Eva Tukdarian '90 '91

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

Ex-Officio Members (Voting)

President, University of Central Florida (UCF)	Dr. Alexander Cartwright (04/2020- current)
Chair, UCF Alumni Board	Mr. Matt Assenmacher '94
Chair, UCF Board of Trustees	The Honorable Beverly J. Seay H'18

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

Officers

Chair	Mr. John Euliano H'18
Vice Chair	Ms. Carrie Callahan '92
Vice Chair	Mr. Antonio Moreno '91
Secretary	Mrs. Sara Bernard '00
Treasurer	Mr. Alan Florez '98 (resigned 6/30/2021)

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

Executive Committee

Chair	Mr. John Euliano H'18
Co-Vice Chair	Ms. Carrie Callahan '92
Co-Vice Chair	Mr. Antonio Moreno '91
Secretary	Mrs. Sara Bernard '00
Treasurer	Mr. Alan Florez '98 (resigned 6/30/2021)
President, University of Central Florida (UCF)	Dr. Alexander Cartwright
Chair, UCF Alumni Board	Mr. Matt Assenmacher '94
Chair, UCF Board of Trustees	The Honorable Beverly J. Seay H'18
Audit Committee Chair	Mrs. Eva Tukdarian '90 '91
Real Estate Committee Chair	Mr. Brian Butler
Information Technology Chair	Mr. Kevin Wydra '92
Donor Engagement and Stewardship Chair	Mrs. Joyce Virga

Executive Support Staff

Mr. Michael J. Morsberger, Chief Executive Officer (resigned 6/30/2021)

Mrs. Karen S. Cochran, Interim Chief Executive Officer

Ms. Rachel Schaefer, Chief Operating Officer

Mr. Glen Dawes, Chief Financial Officer

Mrs. Jennifer Cerasa, Legal Counsel

Mrs. Lauren Ferguson, Director of Foundation Board Relations and Development



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

Board of Directors
University of Central Florida Foundation
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Central Florida Foundation (the Foundation), a discrete component unit of the University of Central Florida, which comprise the statement of net position as of June 30, 2021, and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 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.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Orlando, Florida
October 1, 2021



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

Board of Directors
University of Central Florida Foundation
Orlando, Florida

Report on Compliance for the Major State Project

We have audited the University of Central Florida Foundation's (the Foundation) compliance with the types of compliance requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Foundation's major state projects for the year ended June 30, 2021. The Foundation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations and the terms and conditions of its State projects applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major state projects 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* (Chapter 10.650). Those standards and Chapter 10.650 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 each major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on the Major State Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 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 compliance 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 each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of 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. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Orlando, Florida
October 1, 2021

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
 (A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2021**

<u>State Agency, Project Title</u>	<u>CSFA Number</u>	<u>Expenditures</u>
Department of Education and Commissioner of Education University Major Gift Program	48.074	\$ 3,943,356
Department of Highway Safety and Motor Vehicles University of Central Florida License Plate Project	76.029	<u>608,423</u>
Total Expenditures of State Financial Assistance		<u><u>\$ 4,551,779</u></u>

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

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state project activity of the University of Central Florida Foundation, Inc. (the Foundation), a discrete component unit of the University of Central Florida, for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Foundation.

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

NOTE 2 NATURE OF FUNDING

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

The University Major Gifts program has been temporarily suspended by the state of Florida and no funding was received from the state in the form of matching funds during the year ended June 30, 2021. The expenditures under the University Major Gifts program in the accompanying Schedule represent expenditures of earnings on endowments that have received state matching funds in prior years. These expenditures include amounts spent from earnings on both the state match portion and the private donor portions of the endowments.

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Independent Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

State Financial Assistance

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

Identification of Major Projects

CSFA Number

48.074

Name of State Project

University Major Gift Program

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

\$ 750,000

**UNIVERSITY OF CENTRAL FLORIDA FOUNDATION
(A DISCRETE COMPONENT UNIT OF THE UNIVERSITY OF CENTRAL FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

No matters to report.

Section III – State Financial Assistance Findings

No matters to report.