

Advancement | UCF Foundation, Inc.

UCF Foundation Board of Directors

Joint Audit and Finance & Facilities Committees Meeting
Friday, September 24, 2021
UCF FAIRWINDS Alumni Center
12676 Gemini Blvd N., Orlando, FL 32816

MINUTES

IN ATTENDANCE: Mark Plaumann, *Audit Chair*, Jessica Blume, Rick Cardenas, Paul Gregg, Marc McMurrin, Eva Tukdarian, Anita Wagner

Eva Tukdarian, *Finance & Facilities Chair*, Sara Bernard, Clint Bullock, Brian Butler, James Harhi, Gerald Hector, Karl Hodges, Mary Beth Morgan, Mark Plaumann

ABSENT: Kyle Simpson

STAFF: Jennifer Cerasa, Karen Cochran, Glen Dawes, Lauren Ferguson, Dan Gross, Margaret Jarrell-Cole, Erick Kepfer, Ashley McConnell, Chris Meister, Joseph Mera, Robert Taft

GUESTS: Aaron Crall, Bryan Simkanich, Molly Duval, Alicia Ornelas-Perez

WELCOME AND CALL TO ORDER

Director Plaumann, Chair of the Audit Committee, and Director Tukdarian, Chair of the Finance & Facilities Committee, called the meeting to order at 12:02 p.m., stating that the meeting was covered under the Florida Sunshine Law and the public and press were invited to attend.

ROLL CALL AND QUORUM CONFIRMATION

Roll call was performed and a quorum of the Committees was confirmed.

CONFLICT OF INTEREST DISCLOSURE

Chairs Plaumann and Tukdarian asked the committee members if there were any conflicts of interest to declare regarding the items of business listed on the agenda. No conflicts were disclosed.

MINUTES

Minutes from the April 15, 2021 Audit Committee meeting were unanimously approved as written.

Minutes from the June 1, 2021 Finance Committee meeting were unanimously approved as written.

COMMITTEE GOVERNANCE

(AC-1) Audit Committee Charter

Lauren Ferguson, Director of Foundation Board Relations, presented the proposed charter of the Audit Committee, which addressed any needed revisions since its last amendment on March 28, 2012. The Committee recommended the use of the term “public accounting firm” when referring to the independent audit and tax consultants in the Charter.

A motion was made by Jessica Blume and seconded by Anita Wagner to recommend approval of the Audit Committee Charter to the UCF Foundation Board, with changes identified. The motion passed unanimously.

(FFC-1) Finance & Facilities Committee Charter

Ferguson presented the proposed charter of the Finance & Facilities Committee, which was established July 1, 2021, and merged the previous standing committees, the Real Estate Committee and the Finance Committee. The proposed document utilized language previously present in the charters of each former committee.

A motion was made by Mark Plaumann and seconded by Karl Hodges to recommend approval of the Finance & Facilities Committee Charter to the UCF Foundation Board, as presented. The motion passed unanimously.

REPORTS

(AC-2) UCF Foundation FY2021 Audit Presentation

Aaron Crall, Principal with CliftonLarsonAllen LLP (CLA), in collaboration with his colleagues Bryan Simkanich, Molly Duval and Alicia Ornelas-Perez presented the draft audited financial statements and single audit for the year ended June 30, 2021. The audit, which was completed in accordance with Government Auditing Standards, resulted in an “unmodified opinion”, the highest level of assurance, and there were no adjustments, passed adjustments, or disagreements with management over application of accounting policies, and no issues in performing the audit. Furthermore, the FY21 audit did not reveal any significant deficiencies or material weaknesses in the Foundation’s internal controls.

The risk-based audit focused heavily on revenue recognition, long-term debt, related party transactions, and investment activity. It was reported that the Foundation’s total net position as of June 30, 2021 was \$411.7 million, which is a significant increase from the previous year. The Committee discussed significant points from the income and cash flow statements, including:

- \$43 million increase in philanthropic contributions largely as the result of an unrestricted gift from MacKenzie Scott & Dan Jewett.
- Unprecedented returns in the investment portfolio due to favorable market conditions.
- An increase in rental revenue associated with the Lake Nona Cancer Center (LNCC).
- Approximately \$40 million in net cash provided by operating activities.

A motion was made by Jessica Blume and seconded by Anita Wagner to accept and recommend the FY2021 audited financial statements for approval by the UCF Foundation Board of Directors, as presented. The motion passed unanimously.

(DISC-1) Results of Operations for period ended June 30, 2021

Glen Dawes, Chief Financial Officer, presented financial statements and quarterly reports for the period ended June 30, 2021. It was noted that total net assets at the end of the fiscal year was approximately \$484.6 million, an increase of nearly \$88 million over the previous year. This was due in large part to increased contributions and favorable market activity.

The Foundation’s operations were reported to be ahead of budget in both sources and uses for the fiscal year 2021. Significant earnings on non-endowed investments contributed substantially to the \$4.7 million favorable position in funding sources. Operating expenses continued to be well under budget with the sustained impact on operations from the COVID-19 pandemic including reductions in travel, events, and salaries for unfilled positions. The Facilities budget also ended the year in a favorable position due to unbudgeted revenues in rental income related to the UCF Lake Nona Cancer Center (LNCC).

The UCF Foundation Debt Summary and Vice Presidents’ and Deans’ expenses were provided to the committee for review and specific questions may be brought before the committee. There were no questions at this time.

NEW BUSINESS

(FFC-2) UCF Foundation Corporate Credit Card Policy

The Finance & Facilities Committee was asked to consider approval of the UCF Foundation Corporate Credit Card Policy which outlines proper use and limits the categories of expenditures authorized to be made by staff using a corporate credit card. It was noted that the policy revisions were generally cosmetic and part of an effort by Foundation staff to update and reformat all Foundation policies in accordance with the UCF Board of Trustees standards. There were no material changes to the content of the policy.

A motion was made by James Harhi and seconded by Karl Hodges to recommend approval of the UCF Foundation Corporate Credit Card Policy by the UCF Foundation Board of Directors, as presented. The motion passed unanimously.

RETURNING BUSINESS

(DISC-2) UCF Foundation Reserve Policy

The Finance & Facilities Committee discussed the work by Foundation staff to develop a policy which defines and sets guidelines for the establishment, funding, and monitoring of operational and real estate reserves. It was noted that the intent of the policy, which was motivated by funding requests to support UCF Athletics Association, is to ensure the Foundation has sufficient unrestricted resources to meet its obligations, mitigate current and future financial risk, ensure stable services and fees, and to demonstrate its creditworthiness to rating agencies and potential donors. A draft policy with recommended calculations was presented for discussion following consultation with industry professionals and peer institutions. Committee members suggested consideration to include a defined maximum reserve balance in order to prevent excess accumulation of cash and the associated perceived notions for a public entity to accrue a large cash balance. The Committee will be asked to consider final approval of the UCF Foundation Reserve Policy at a future meeting.

PUBLIC COMMENT

There were no public comments.

CLOSING REMARKS AND ANNOUNCEMENTS

No remarks were given.

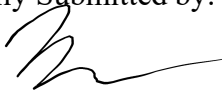
ADJOURNMENT

Directors Plaumann and Tukdarian adjourned the meeting at 1:38 p.m.

Approved by Audit Committee on DATE

Approved by Finance & Facilities Committee on November 22, 2021.

Respectfully Submitted by:



Mark Plaumann, *Chair*, Audit Committee
07/13/2022 03:21 EDT

Date



Eva Tukdarian, *Chair*, Finance & Facilities Committee
07/13/2022 08:40 EDT

Date

Prepared by: Ashley McConnell, Executive Assistant

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