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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

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A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
University of West Florida Foundation, Inc.

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of State Financial Assistance is included in the compliance section, as required by Chapter 10.650, Rules of Auditor General, and for purposes of additional analysis is not a required part of the basic financial statements.

Board of Directors
University of West Florida Foundation, Inc.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Pensacola, Florida
October 7, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

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

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

Board of Directors
University of West Florida Foundation, Inc.

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

Compliance and Other Matters

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

Purpose of this Report

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



Pensacola, Florida
October 7, 2021

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

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

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

Overview of the Financial Statements

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

It is noteworthy that in the year ended June 30, 2019, a transition from Financial Accounting Standards Board ("FASB") standards was made to the GASB standards. This was driven by a change in Florida Statute 1004.28(3) which in part requires the approval of the Foundation's board members by the BOT. See the notes to the financial statements for a summary of the Foundation's significant accounting policies.

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

The Statement of Net Position

The statements of net position reflect the assets, liabilities, and deferred inflows of resources of the Foundation and present the financial position of the Foundation at a specified time. Assets less liabilities and deferred inflows equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Net investment in capital assets includes net capital assets less outstanding bonds payable. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

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

The Statements of Net Position (Continued)

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

	2021	2020	2021-2020		2019	2020-2019	
			Dollar Change	Percentage Change		Dollar Change	Percentage Change
Assets:							
Current assets	\$ 18,901,054	\$ 8,690,974	\$ 10,210,080	117.5%	\$ 7,728,986	\$ 961,988	12.4%
Noncurrent assets	174,302,492	155,874,459	18,428,033	11.8%	158,145,918	(2,271,459)	-14%
Total Assets	\$ 193,203,546	\$ 164,565,433	\$ 28,638,113	17.4%	\$ 165,874,904	\$ (1,309,471)	-0.8%
Liabilities:							
Current liabilities	\$ 4,155,638	\$ 3,763,835	\$ 391,803	10.4%	\$ 3,357,778	\$ 406,057	12.1%
Noncurrent liabilities	38,491,441	41,181,419	(2,689,978)	-6.5%	44,353,273	(3,171,854)	-7.2%
Total liabilities	42,647,079	44,945,254	(2,298,175)	-5.1%	47,711,051	(2,765,797)	-5.8%
Deferred Inflows of Resources:							
Split-interest agreements	1,904,789	1,409,663	495,126	35.1%	904,831	504,832	55.8%
Net Position:							
Net investment in capital assets	9,998,870	9,281,608	717,262	7.7%	9,719,281	(437,673)	-4.5%
Unrestricted	3,663,551	1,826,071	1,837,480	100.6%	985,269	840,802	85.3%
Restricted -							
Expendable	68,588,137	43,589,586	24,998,551	57.3%	45,873,580	(2,283,994)	-5.0%
Nonexpendable	66,401,120	63,513,251	2,887,869	4.5%	60,680,892	2,832,359	4.7%
Total net position	148,651,678	118,210,516	30,441,162	25.8%	117,259,022	951,494	0.8%
Total Liabilities, Deferred Inflows and Net Position	\$ 193,203,546	\$ 164,565,433	\$ 28,638,113	17.4%	\$ 165,874,904	\$ (1,309,471)	-0.8%

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

The Statements of Net Position (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Statements of Cash Flows

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

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

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

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

Economics Factors That Will Affect the Future

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

ASSETS

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

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

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

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

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

Basis of Accounting:

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

Fund Accounting:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued):

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

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

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

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

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

Operating and Nonoperating Activities:

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

Cash and Cash Equivalents:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued):

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

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

Restricted Cash Reserves:

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

Investments:

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

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

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

Contributions Receivable:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets:

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

	<u>Years</u>
Property and improvements	7 - 45
Equipment and software	3 - 10

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

Split-Interest Agreements:

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

Deferred Inflows of Resources:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Contributions of cash, investments securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

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

Bond Discounts and Premiums:

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

Compensated Absences:

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

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

Other Program Services:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

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

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

Use of Estimates:

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

Retirement Plan and Other Post-Employment Healthcare Benefits:

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

As required by Section 112.0804, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. The University allows retirees to participate in the plan at reduced or blended group rates. These rates may provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Since all employees who work for the Foundation are employees of the University, the liabilities for pensions and other post-employment benefits is reported by the University and not reflected on the Foundation's financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications:

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

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents:

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits:

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

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

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

Investments:

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

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

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

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

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

The net return on investments was as follows:

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments:

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

Concentration of Credit Risk:

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Credit Risk:

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

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

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

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

Interest Rate Risk:

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued):

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

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

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

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

Foreign Currency Risk:

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements:

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

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

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

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

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

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

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

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

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

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

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

NOTE 3 - CONTRIBUTIONS RECEIVABLE

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

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

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

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

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

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

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30 consist of the following:

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

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

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

NOTE 5 - CAPITAL ASSETS

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - CAPITAL ASSETS (Continued)

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

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

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

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

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JUNE 30, 2021 AND 2020

NOTE 5 - CAPITAL ASSETS (Continued)

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

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

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

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

NOTE 6 - RELATED PARTY TRANSACTIONS

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

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

NOTE 6 - RELATED PARTY TRANSACTIONS

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

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

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

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

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

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NOTE 7 - BONDS PAYABLE

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

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

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NOTE 7 - BONDS PAYABLE (Continued)

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

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

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

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NOTE 7 - BONDS PAYABLE (Continued)

Maturities of the publicly issued revenue bonds are as follows:

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

Maturities of the direct placement revenue bonds are as follows:

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

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

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NOTE 7 - BONDS PAYABLE (Continued)

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

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

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

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

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

NOTE 8 - NET POSITION

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

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

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NOTE 8 - NET POSITION (Continued)

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

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

NOTE 9 - ENDOWMENTS

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

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

Interpretation of Relevant Law -

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

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NOTE 9 - ENDOWMENTS (Continued)

Funds with Deficiencies -

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

Return Objectives and Risk Parameters -

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

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

Strategies Employed for Achieving Objectives -

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

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NOTE 9 - ENDOWMENTS (Continued)

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - ENDOWMENTS (Continued)

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

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

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

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

NOTE 10 - RETIREMENT PLAN

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

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

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JUNE 30, 2021 AND 2020

NOTE 10 - RETIREMENT PLAN (Continued)

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

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

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

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

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

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

NOTE 11 - STUDENT HOUSING SYSTEM

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

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

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

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

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

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

For the fiscal year ended:

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

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

NOTE 12 - IMPACT OF COVID-19

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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

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

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

ASSETS

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

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

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

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

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

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

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

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

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

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

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

COMPLIANCE SECTION

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

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

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

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

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

Report on Compliance for Each Major State Project

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major State Project

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

Report on Internal Control Over Compliance

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

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

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

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



Pensacola, Florida
October 7, 2021

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

A. SUMMARY OF AUDIT RESULTS

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

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

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

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

None

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

D. OTHER ISSUES

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

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

MANAGEMENT LETTER

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

Report on the Financial Statements

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

Auditor’s Responsibility

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

Other Reporting Requirements

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

Additional Matters

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

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

Purpose of this Letter

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

A handwritten signature in cursive script, appearing to read "Saltmarsh Clauleland & Gend".

Pensacola, Florida
October 7, 2021