



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



UNIVERSITY of FLORIDA
FOUNDATION

*Florida
The place where ideas
All the loyal sons and daughters
A joyful song shall raise
Where paths and pine
Shine forth
The yearning*

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the University of Florida Foundation, Inc. (the Foundation), a discretely presented component unit of the University of Florida, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Foundation, as of June 30, 2024 and 2023, and the respective changes in net 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during

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our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The supplemental schedules of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplemental schedules of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the University of Florida Foundation Mission & Vision and Lasting Impact sections listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BDO USA, P.C.

October 30, 2024

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UNIVERSITY OF FLORIDA FOUNDATION

MISSION: To promote the University, increase philanthropy, manage and grow the endowment, ensure the appropriate use of funds and pursue best governance practices.

VISION: To be a valued partner with the University by connecting donor resources in the pursuit of excellence.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



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

Introduction

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

Overview of Financial Statements

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Foundation, including its blended component unit, the University of Florida Alumni Association, Inc., but exclude fiduciary activities, which are reported in separate statements, as of and for the years ended June 30, 2024, 2023 and 2022 and should be read in conjunction with the financial statements and notes thereto.

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

Pursuant to GASB Statement No. 35, *Basic Financial Statements-Management's Discussion and Analysis-for Public Colleges and Universities*, the Foundation's basic financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses and

Changes in Net Position, the Statement of Cash Flows and other required supplemental information. Additionally, pursuant to GASB Statement No. 84, *Fiduciary Activities*, the Foundation includes the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as it relates to its custodial funds (funds held on behalf of University entities).

Statement of Net Position

The Statement of Net Position reflects the assets, liabilities and deferred inflows of resources of the Foundation and presents the financial position of the Foundation at a point in 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. Net investment in capital assets presents the Foundation's equity in property and equipment. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislation. Nonexpendable net position represents endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net position that does not meet the definition of restricted net investment in capital assets and are available to the Foundation for any legal use.

The Foundation's assets totaled \$2.9 billion as of June 30, 2024. This balance reflects a increase of \$142.0 million, or 5.2% compared to June 30, 2023. Current assets increased \$8.5 million due to increases in receivables and cash and investments of \$12.4 million and \$13.3 million, respectively, net of decreases in current pledges receivable of \$17.2 million. Noncurrent investments increased by \$119.2 million, driven by investment performance. Capital assets decreased due to a decrease in depreciable capital assets of \$3.0 million offset by an increase of non-depreciable capital assets of \$0.2 million. Other noncurrent assets increased \$17.1 million, primarily due to an increase in noncurrent pledges receivable of \$19.0 million offset by a decrease in real estate held for resale of \$2.7 million.

The Foundation's assets totaled \$2.7 billion as of June 30, 2023. This balance reflects an increase of \$38.7 million, or 1.4% compared to June 30, 2022. Current assets increased \$29.9 million due to increases in receivables and current pledges receivable of \$31.9 million and \$3.0 million respectively, net of decreases in cash and cash equivalents and current investments of \$4.7 million and \$0.4 million, respectively. Noncurrent investments

increased by \$57.2 million, driven by investment performance. Other noncurrent assets decreased \$48.1 million, primarily due to a decrease in noncurrent pledges receivable of \$47.6 million.

The following table summarizes the Foundation's Statements of Net Position as of June 30, 2024 and the two preceding fiscal years:

CONDENSED STATEMENTS OF NET POSITION (in thousands)

			2024-2023		2023-2022			
	2024	2023	Increase (Decrease)	Percent Change	2022	Increase (Decrease)	Percent Change	
Assets								
Current assets	\$ 156,969	\$ 148,472	\$ 8,497	5.72%	\$ 118,611	\$ 29,861	25.18%	
Noncurrent investments	2,507,804	2,388,599	119,205	4.99%	2,331,352	57,247	2.46%	
Capital assets, net	104,836	107,638	(2,802)	-2.60%	107,917	(279)	-0.26%	
Other noncurrent assets	117,595	100,541	17,054	16.96%	148,661	(48,120)	-32.37%	
Total assets	2,887,204	2,745,250	141,954	5.17%	2,706,541	38,709	1.43%	
Liabilities								
Current liabilities	15,312	7,851	7,461	95.03%	7,773	78	1.00%	
Other noncurrent liabilities	37,461	38,832	(1,371)	-3.53%	39,823	(991)	-2.49%	
Total liabilities	52,773	46,683	6,090	13.05%	47,596	(913)	-1.92%	
Deferred inflows of resources	20,636	18,402	2,234	12.14%	17,277	1,125	6.51%	
Total liabilities and deferred inflows of resources	73,409	65,085	8,324	12.79%	64,873	212	0.33%	
Net position								
Net investment in capital assets	104,285	106,770	(2,485)	-2.33%	106,328	442	0.42%	
Restricted - expendable	1,003,048	919,999	83,049	9.03%	959,050	(39,051)	-4.07%	
Restricted - nonexpendable	1,663,692	1,614,108	49,584	3.07%	1,535,474	78,634	5.12%	
Unrestricted	42,770	39,288	3,482	8.86%	40,816	(1,528)	-3.74%	
Total net position	\$ 2,813,795	\$ 2,680,165	\$ 133,630	4.99%	\$ 2,641,668	\$ 38,497	1.46%	

The Foundation's liabilities and deferred inflows of resources totaled \$73.4 million as of June 30, 2024. This balance reflects an increase of \$8.3 million, or 12.8% compared to June 30, 2023. Current liabilities increased due to an increase in other current liabilities of \$9.9 million net of a decrease in accounts payable and accrued expenses of \$2.2 million. Other noncurrent liabilities decreased \$1.4 million, primarily due to a decrease in split-interest agreements of \$0.7 million. Deferred inflows of resources increased \$2.2 million due to increases in split-interest agreements, primarily due to investment performance.

The Foundation's liabilities and deferred inflows of resources totaled \$65.1 million as of June 30, 2023. This

balance reflects an increase of \$0.2 million, or 0.3% compared to June 30, 2022. Current liabilities increased nominally due to the increase in accounts payable and accrued expenses. Other noncurrent liabilities decreased \$1.0 million, primarily due to a decrease in split-interest agreements of \$1.0 million. Deferred inflows of resources increased \$1.1 million due to increases in split-interest agreements, primarily due to investment performance.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Foundation does not record endowed pledges until they are received; however, endowed pledges receivable was \$107.0 million, \$120.9 million, and \$71.0 million as of June 30, 2024, 2023, and 2022, respectively.

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

The majority of the Foundation's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Foundation has chosen to report the expenses by their functional classifications on the Statement of Revenues, Expenses and Changes in Net Position.

The following table summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2024 and the two preceding fiscal years:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)

	2024	2023	2024-2023		2022	2023-2022	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
Operating revenues							
Contributions, net	\$ 179,003	\$ 104,432	\$ 74,571	71.41%	\$ 190,279	\$ (85,847)	-45.12%
Support from the University of Florida	20,362	16,693	3,669	21.98%	23,352	(6,659)	-28.52%
Investment return, net	170,365	88,579	81,786	92.33%	(42,708)	131,287	-307.41%
Other operating revenues	10,057	12,852	(2,795)	-21.75%	10,594	2,258	21.31%
Total operating revenues	<u>379,787</u>	<u>222,556</u>	<u>157,231</u>	<u>70.65%</u>	<u>181,517</u>	<u>41,039</u>	<u>22.61%</u>
Operating expenses							
Program services	245,141	202,134	43,007	21.28%	171,661	30,473	17.75%
Supporting services	62,025	58,278	3,747	6.43%	60,911	(2,633)	-4.32%
Total operating expenses	<u>307,166</u>	<u>260,412</u>	<u>46,754</u>	<u>17.95%</u>	<u>232,572</u>	<u>27,840</u>	<u>11.97%</u>
Operating income (loss)	72,621	(37,856)	110,477	-291.83%	(51,055)	13,199	-25.85%
Nonoperating revenues	(107)	103	(210)	-203.88%	32	71	221.88%
Income (loss) before change in endowments	<u>72,514</u>	<u>(37,753)</u>	<u>110,267</u>	<u>-292.07%</u>	<u>(51,023)</u>	<u>13,270</u>	<u>-26.01%</u>
Changes in nonexpendable							
Endowment contributions	58,346	74,964	(16,618)	-22.17%	50,705	24,259	47.84%
Other changes in nonexpendable	2,770	1,286	1,484	115.40%	3,004	(1,718)	-57.19%
Total changes in nonexpendable	<u>61,116</u>	<u>76,250</u>	<u>(15,134)</u>	<u>-19.85%</u>	<u>53,709</u>	<u>22,541</u>	<u>41.97%</u>
Change in net position	133,630	38,497	95,133	247.12%	2,686	35,811	1333.25%
Net position - beginning of year	<u>2,680,165</u>	<u>2,641,668</u>	<u>38,497</u>	<u>1.46%</u>	<u>2,638,982</u>	<u>2,686</u>	<u>0.10%</u>
Net position - end of year	<u>\$ 2,813,795</u>	<u>\$ 2,680,165</u>	<u>\$ 133,630</u>	<u>4.99%</u>	<u>\$ 2,641,668</u>	<u>\$ 38,497</u>	<u>1.46%</u>

The Foundation's net position increased \$133.6 million, or 5.0% during the fiscal year 2024, driven by contribution revenue and investment performance. The

Foundation's net position increased \$38.5 million, or 1.5% during the fiscal year 2023, driven by investment performance.

Operating Revenues

The following table summarizes the operating revenues by source that were used to fund operating activities for the fiscal year ended June 30, 2024 and the two preceding fiscal years:

	OPERATING REVENUES (in thousands)		2024-2023		2023-2022		
	2024	2023	Increase (Decrease)	Percent Change	2022	Increase (Decrease)	Percent Change
Contributions, net	\$ 179,003	\$ 104,431	\$ 74,572	71.41%	\$ 190,279	\$ (85,848)	-45.12%
Support from the University of Florida	20,362	16,693	3,669	21.98%	23,352	(6,659)	-28.52%
Investment return, net	170,365	88,579	81,786	92.33%	(42,708)	131,287	-307.41%
Other operating revenues	10,057	12,853	(2,796)	-21.75%	10,594	2,259	21.32%
Total operating revenues	<u>\$ 379,787</u>	<u>\$ 222,556</u>	<u>\$ 157,231</u>	<u>70.65%</u>	<u>\$ 181,517</u>	<u>\$ 41,039</u>	<u>22.61%</u>

Operating revenues totaled \$379.8 million for fiscal year 2024, an increase of \$157.2 million, or 70.7% as compared to fiscal year 2023. Nonendowed contributions increased \$74.6 million to \$179.0 million demonstrating continued strength in donor giving. Investment return increased \$81.8 million due to higher investment performance as compared to fiscal year 2023. Other operating revenues decreased \$2.8 million due to decreases in other revenues.

Operating revenues totaled \$222.6 million for fiscal year 2023, an increase of \$41.0 million, or 22.6% as compared to fiscal year 2022. Nonendowed contributions decreased \$85.8 million to \$104.4 million despite continued strength in donor giving and campaign initiatives. Investment return increased \$131.3 million due to higher investment performance as compared to fiscal year 2022. Other operating revenues increased \$2.3 million due to higher license tag revenues and other revenues.



Operating Expenses

The following table summarizes the operating expenses by function for the fiscal year ended June 30, 2024 and the two preceding fiscal years:

OPERATING EXPENSES (in thousands)							
	2024	2023	2024-2023		2022	2023-2022	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
Operating expenses							
Program services							
General college support	\$ 130,698	\$ 96,062	\$ 34,636	36.06%	\$ 69,441	\$ 26,621	38.34%
Student financial aid	32,820	31,266	1,554	4.97%	29,425	1,841	6.26%
Faculty and staff support	30,255	29,834	421	1.41%	28,797	1,037	3.60%
Research	19,018	19,168	(150)	-0.78%	21,476	(2,308)	-10.75%
Facilities	21,880	16,415	5,465	33.29%	12,062	4,353	36.09%
Other	10,470	9,389	1,081	11.51%	10,460	(1,071)	-10.24%
Total program services	\$ 245,141	202,134	\$ 43,007	21.28%	\$ 171,661	\$ 30,473	17.75%
Supporting services							
Communications and marketing	3,999	6,010	(2,011)	-33.46%	5,166	844	16.34%
Alumni relations	5,853	6,051	(198)	-3.27%	5,255	796	15.15%
Development	29,071	26,401	2,670	10.11%	24,633	1,768	7.18%
Operations	20,346	16,839	3,507	20.83%	23,471	(6,632)	-28.26%
Talent management	2,756	2,977	(221)	-7.42%	2,386	591	24.77%
Total supporting services	62,025	58,278	3,747	6.43%	60,911	(2,633)	-4.32%
Total operating expenses	\$ 307,166	\$ 260,412	\$ 46,754	17.95%	\$ 232,572	\$ 27,840	11.97%

Operating expenses totaled \$307.2 million for fiscal year 2024, an increase of \$46.8 million, or 18.0% as compared to fiscal year 2023. Operating expenses totaled \$260.4 million for fiscal year 2023, an increase of \$27.8 million, or 12.0% as compared to fiscal year 2022.

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

Program services expenses totaled \$245.1 million for fiscal year 2024, an increase of \$43.0 million, or 21.3% as compared to fiscal year 2023. General college support had the largest increase over the prior year, \$34.6 million, due to large nonendowed contributions received in the current year. Facilities, student financial aid, and faculty and staff support saw increases of \$5.5 million, \$1.6 million and \$0.4 million, respectively.

Program services expenses totaled \$202.1 million for fiscal year 2023, an increase of \$30.5 million, or 17.8% as compared to fiscal year 2022. General college support had the largest increase over the prior year, \$26.6 million, due to large nonendowed contributions received in the prior year. Facilities, student financial aid and faculty and staff support saw increases of \$4.4 million, \$1.8 million and \$1.0 million, respectively.

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

Supporting services expenses totaled \$62.0 million for fiscal year 2024, an increase of \$3.7 million, or 6.4% over fiscal year 2023. The increase was primarily due to increased investment in operations.

Supporting services expenses totaled \$58.3 million for fiscal year 2023, a decrease of \$2.6 million, or 4.3% over fiscal year 2022. The decrease was primarily attributed to adjusting operational investments.



Nonoperating Revenues and Changes in Nonexpendable

The following table summarizes the nonoperating revenues and changes in nonexpendable by source for the fiscal year ended June 30, 2024 and the two preceding fiscal years:

NONOPERATING REVENUES AND CHANGES IN NONEXPENDABLE (in thousands)							
			2024-2023		2023-2022		
	2024	2023	Increase (Decrease)	Percent Change	2022	Increase (Decrease)	
Nonoperating (losses) revenues	\$ (107)	\$ 103	\$ (210)	-203.88%	\$ 32	\$ 71	221.88%
Changes in nonexpendable							
Endowment contributions	58,346	74,964	(16,618)	-22.17%	50,705	24,259	47.84%
Other changes in nonexpendable	2,770	1,286	1,484	115.40%	3,004	(1,718)	-57.19%
Total changes in nonexpendable	\$ 61,116	\$ 76,250	\$ (15,134)	-19.85%	\$ 53,709	\$ 22,541	41.97%

Nonoperating losses totaled \$0.1 million for fiscal year 2024, a decrease of \$0.2 million, or 204.0% as compared to fiscal year 2023. Nonoperating losses consisted of the change in value of restricted expendable split-interest agreements, losses were recognized due to the termination of an underwater split-interest agreement during the fiscal year. Change in nonexpendable totaled \$61.1 million, a decrease of \$15.1 million, or 19.9% as compared to the previous fiscal year. Endowment contributions totaled \$58.3 million, down \$16.6 million from the prior year. Other changes in nonexpendable totaled \$2.8 million, an increase of \$1.5 million over the prior year, primarily due to increases in other revenues and revenues from split-interest terminations.

Nonoperating revenues totaled \$0.1 million for fiscal year 2023, an increase of \$0.1 million, or 221.9% as compared to fiscal year 2022. Nonoperating revenues consisted of the change in value of restricted expendable split-interest agreements, revenue that was recognized due to the termination of various split-interest agreements during the fiscal year. Change in nonexpendable totaled \$76.3 million, an increase of \$22.5 million, or 42.0% as compared to the previous fiscal year. Endowment contributions totaled \$75.0 million, up \$24.3 million from the prior year. Other changes in nonexpendable totaled \$1.3 million, a decrease of \$1.7 million over the prior year, primarily due to decreases in other revenues.

Statement of Cash Flows

The Statement of Cash Flows provides information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due and its need for external financing. Cash flows from operating activities show the net cash used by typically ongoing operating

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

The following table summarizes the major sources and uses of cash for the fiscal year ended June 30, 2024 and the two preceding fiscal years:

CONDENSED STATEMENTS OF CASH FLOWS (in thousands)

			2024-2023		2023-2022		
	2024	2023	Increase (Decrease)	Percent Change	2022	Increase (Decrease)	Percent Change
Cash flows provided by (used in)							
Operating activities	\$ (100,004)	\$ (110,975)	\$ 10,971	-9.89%	\$ (113,592)	\$ 2,617	-2.30%
Investing activities	60,164	38,737	21,427	55.31%	67,859	(29,122)	-42.92%
Capital and related financing activities	(3,399)	(4,852)	1,453	-29.95%	(4,940)	88	1.78%
Noncapital financing activities	56,412	72,416	(16,004)	-22.10%	51,530	20,886	40.53%
Change in cash and cash equivalents	13,173	(4,674)	17,847	-381.84%	857	(5,531)	-645.39%
Cash and cash equivalents, beginning of year	15,360	20,034	(4,674)	-23.33%	19,177	857	4.47%
Cash and cash equivalents, end of year	<u>\$ 28,533</u>	<u>\$ 15,360</u>	<u>\$ 13,173</u>	<u>85.76%</u>	<u>\$ 20,034</u>	<u>\$ (4,674)</u>	<u>-23.33%</u>

Cash and cash equivalents increased by \$13.2 million, or 85.8% during fiscal year 2024. Net cash flows used in operating activities increased by \$11.0 million, primarily due to an increase in nonendowed cash contributions of \$24.1 million, offset by increases in payments for program services and supporting services as compared to fiscal year 2023. Net cash flows provided by investing activities increased by \$21.4 million, primarily due to increased investment sales and maturities of \$14.0 million, offset by other changes in cash from investing activities as compared to fiscal year 2023. Net cash flows provided by noncapital financing activities decreased by \$16.0 million in the current year, primarily due to a decrease in contributions restricted for long-term investment of \$16.7 million.

Cash and cash equivalents decreased by \$4.7 million, or 23.3% during fiscal year 2023. Net cash flows used in operating activities increased by \$2.6 million, primarily due to an increase in nonendowed cash contributions of \$50.4 million, offset by increases in payments for program services and supporting services as compared to fiscal year 2022. Net cash flows provided by investing activities decreased by \$29.1 million, primarily due to decreased investment sales and maturities and real estate sales of \$23.0 million and \$6.7 million, respectively, offset by other changes in cash from investing activities as compared to fiscal year 2022. Net cash flows provided by noncapital financing activities increased by \$20.9 million, primarily due to an increase in contributions restricted for long-term investment \$20.9 million.

Capital Assets and Debt Administration

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

The following table summarizes capital assets as of June 30, 2024 and the two preceding fiscal years:

CAPITAL ASSETS (in thousands)							
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>		<u>2022</u>	<u>2023-2022</u>	
			<u>Increase (Decrease)</u>	<u>Percent Change</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land held for use and land preserve	\$ 100,830	\$ 100,590	\$ 240	0.24%	\$ 100,447	\$ 143	0.14%
Buildings held for use, net	2,359	2,168	191	8.81%	2,211	(43)	-1.94%
Equipment, furniture and vehicles, net	1,294	1,936	(642)	-33.16%	2,442	(506)	-20.72%
Software subscriptions, net	258	2,849	(2,591)	-90.94%	2,722	127	4.67%
Other capital assets	95	95	-	0.00%	95	-	0.00%
Total capital assets, net	<u>\$ 104,836</u>	<u>\$ 107,638</u>	<u>\$ (2,802)</u>	<u>-2.60%</u>	<u>\$ 107,917</u>	<u>\$ (279)</u>	<u>-0.26%</u>

During fiscal year 2024, changes in capital assets related primarily to depreciation and amortization expense of \$5.7 million, offset by net capital additions of \$3.0 million. During fiscal year 2023, the decrease in net capital assets was primarily due to depreciation and amortization expenses of \$4.4 million, offset by net capital additions of \$4.1 million.

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

The following table summarizes capital asset-related debt outstanding as of June 30, 2024 and the two preceding fiscal years:

CAPITAL ASSET-RELATED DEBT (in thousands)							
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>		<u>2022</u>	<u>2023-2022</u>	
			<u>Increase (Decrease)</u>	<u>Percent Change</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
Shands Teaching Hospital and Clinics, Inc. parking garage	\$ -	\$ 100	\$ (100)	-100.00%	\$ 200	\$ (100)	-50.00%
College of the Arts warehouse	396	425	(29)	-6.82%	453	(28)	-6.18%
Software subscriptions	155	343	(188)	-54.81%	936	(593)	-63.35%
Total capital related liabilities	<u>\$ 551</u>	<u>\$ 868</u>	<u>\$ (317)</u>	<u>-36.52%</u>	<u>\$ 1,589</u>	<u>\$ (721)</u>	<u>-45.37%</u>

During fiscal year 2024, the Foundation decreased capital asset-related debt by approximately \$0.3 million, which was attributable to \$0.3 million in principal payments. During fiscal year 2023, the Foundation decreased capital asset-related debt by approximately \$0.7 million, which was attributable to \$1.2 million in principal payments, offset by \$0.5 million in software subscription additions. Additional information on the Foundation's long-term debt obligations can be found in Note 11 of the accompanying notes to the financial statements.

Economic Outlook

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

Budgeted revenues that fund supporting services are driven primarily from support from the University and fees assessed on charitable contributions and the endowment. The projections and resulting budget for revenues for the upcoming fiscal year increased by 11.3%. The increase is

largely driven by an increase in the base for endowment fee assessments. Management is not aware of any factors that would have a significant impact on budgeted revenues for the next fiscal year.

Florida Single Audit

In accordance with State of Florida Chapter 10.650, Rules of the Auditor General, the financial activity and internal controls surrounding the activities of the University Major Gifts Program was audited as of and for the fiscal year ended June 30, 2024. The auditor's report on these procedures is not included in this document, but can be found at www.uff.ufl.edu. The report includes no findings, questioned costs or deficiencies in internal control over compliance.

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information and financial statements and notes thereto, or requests for additional information should be addressed to the University of Florida Foundation, 1938 W. University Avenue, Gainesville, Florida 32603 or finance-accounting@uff.ufl.edu.

LASTING IMPACT

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

ENDOWMENTS

(UNAUDITED)

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



ENDOWMENT FUNDS

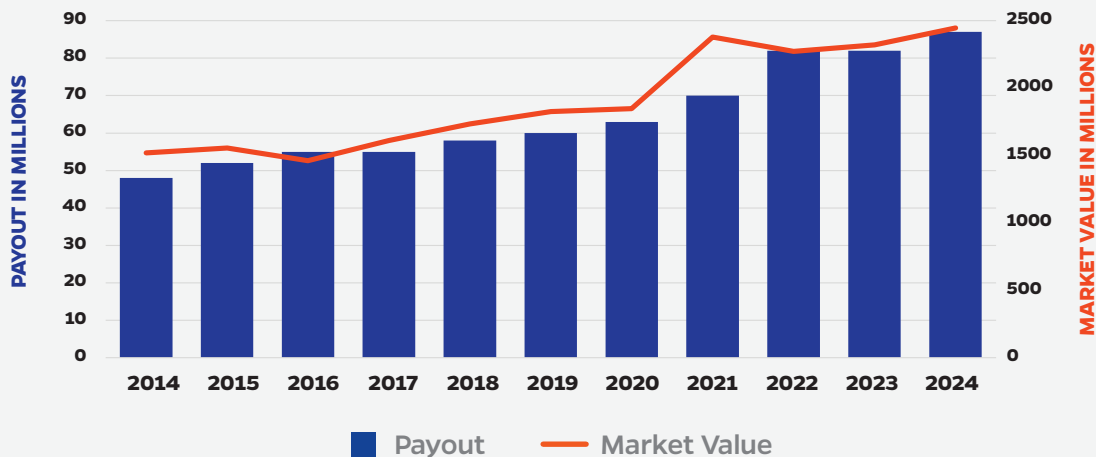


ENDOWMENT MARKET VALUE



ENDOWMENT PAYOUT

ENDOWMENT MARKET VALUE AND PAYOUT BY FISCAL YEAR

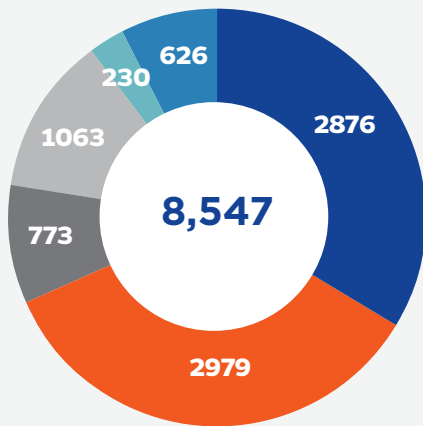


ALL DONOR FUNDS

(UNAUDITED)

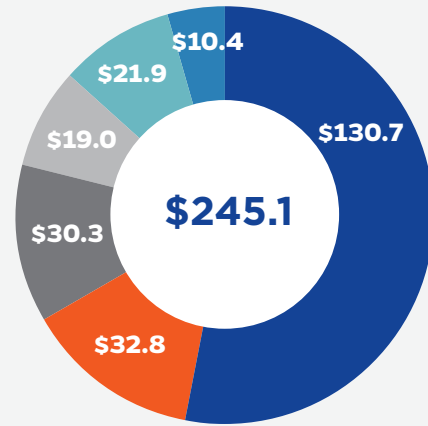
99.0% OF PROGRAM SERVICE EXPENSES WERE FROM FUNDS DESIGNATED BY DONORS FOR RESTRICTED PURPOSES

NUMBER OF FUNDS ⁽¹⁾



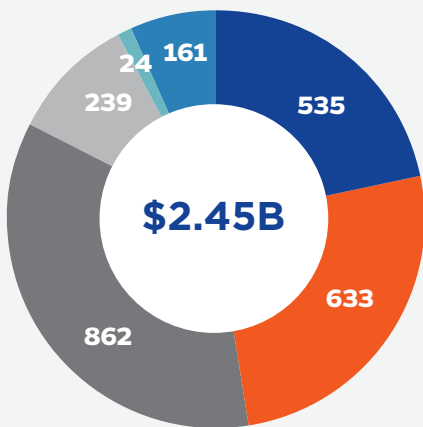
PROGRAM SERVICE EXPENSES

(in \$ millions)



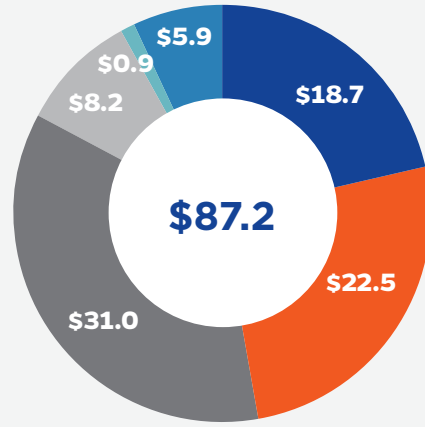
ENDOWMENT MARKET VALUE

(in \$ millions)



ENDOWMENT PAYOUT

(in \$ millions)



■ General college support
■ Student financial aid

■ Faculty and staff support
■ Research

■ Facilities
■ Other

(1) Includes both endowed and nonendowed donor funds.



FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



STATEMENTS OF NET POSITION

(as of June 30, 2024 and 2023)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 28,533,311	\$ 15,359,552
Receivables and prepaid expenses	112,543,780	100,115,801
Investments	1,441,110	1,347,839
Notes receivable	59,895	74,019
Pledges receivable, net	14,390,895	31,574,763
Total current assets	<u>156,968,991</u>	<u>148,471,974</u>
Noncurrent assets		
Investments	2,507,804,475	2,388,599,148
Notes receivable	840,457	1,182,604
Pledges receivable, net	98,229,458	79,271,518
Real estate held for sale	2,470,354	5,197,284
Present value of amounts due from externally managed trusts	2,116,434	1,913,770
Nondepreciable capital assets	100,830,475	100,589,927
Depreciable capital assets, net	4,005,714	7,047,934
Cash surrender value of life insurance	13,806,291	12,955,760
Other noncurrent assets	132,253	19,764
Total noncurrent assets	<u>2,730,235,911</u>	<u>2,596,777,709</u>
Total assets	<u>\$ 2,887,204,902</u>	<u>\$ 2,745,249,683</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	2,503	2,222,177
Other current liabilities	11,230,365	1,357,874
Long-term liabilities – current portion:		
Notes payable	31,074	129,268
Software subscriptions	155,242	187,940
Split-interest agreements	3,893,199	3,953,589
Total current liabilities	<u>15,312,383</u>	<u>7,850,848</u>
Noncurrent liabilities		
Notes payable	365,119	396,193
Software subscriptions	-	154,277
Split-interest agreements	35,091,846	35,827,074
Other noncurrent liabilities	2,003,889	2,454,301
Total noncurrent liabilities	<u>37,460,854</u>	<u>38,831,845</u>
Total liabilities	<u>\$ 52,773,237</u>	<u>\$ 46,682,693</u>
Deferred inflows of resources		
Split-interest agreements	18,519,807	16,488,309
External trusts	2,116,434	1,913,770
Total deferred inflows of resources	<u>\$ 20,636,241</u>	<u>\$ 18,402,079</u>
Net position		
Net investment in capital assets	104,284,754	106,770,183
Restricted:		
Expendable	1,003,048,198	919,998,945
Nonexpendable	1,663,692,469	1,614,108,072
Unrestricted	42,770,003	39,287,711
Total net position	<u>\$ 2,813,795,424</u>	<u>\$ 2,680,164,911</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(for the fiscal years ended June 30, 2024 and 2023)

	2024	2023
Operating revenues		
Contributions, net	\$ 179,002,965	\$ 104,430,690
Support from the University of Florida	20,361,847	16,693,045
Investment return, net	170,365,298	88,579,354
Alumni program support	1,123,806	1,248,809
License plate revenues	2,379,867	2,416,927
Other revenues, gains and losses	6,553,143	9,186,569
Total operating revenues	<u>379,786,926</u>	<u>222,555,394</u>
Operating expenses		
Program services		
General college support	130,698,041	96,061,694
Student financial aid	32,819,982	31,266,111
Faculty and staff support	30,254,930	29,834,588
Research	19,017,967	19,167,815
Facilities	21,879,913	16,414,692
Other	10,470,247	9,389,002
Total program services	<u>245,141,080</u>	<u>202,133,902</u>
Supporting services		
Communications and marketing	3,998,842	6,010,005
Alumni relations	5,852,793	6,050,798
Development	29,070,813	26,400,990
Operations	20,346,340	16,838,758
Talent management	2,755,297	2,977,708
Total supporting services	<u>62,024,085</u>	<u>58,278,259</u>
Total operating expenses	<u>307,165,165</u>	<u>260,412,161</u>
Operating income (loss)	<u>72,621,761</u>	<u>(37,856,767)</u>
Nonoperating (losses) revenues		
Change in value of split-interest agreements	(107,182)	103,227
Income (loss) before changes in nonexpendable	<u>72,514,579</u>	<u>(37,753,540)</u>
Changes in nonexpendable		
Endowment contributions	58,346,018	74,964,070
Alumni endowment life memberships	417,905	328,678
Other revenues, gains and losses	1,161,190	693,295
Split-interest agreement terminations	1,190,821	263,948
Total changes in nonexpendable	<u>61,115,934</u>	<u>76,249,991</u>
Change in net position	133,630,513	38,496,451
Net position – beginning of year	<u>2,680,164,911</u>	<u>2,641,668,460</u>
Net position – end of year	<u>\$ 2,813,795,424</u>	<u>\$ 2,680,164,911</u>

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

STATEMENTS OF CASH FLOWS

(for the fiscal years ended June 30, 2024 and 2023)

	2024	2023
Cash flows from operating activities		
Contributions	\$ 164,109,720	\$ 139,984,097
Support from the University of Florida	54,290	853,495
Alumni program support	1,123,806	1,248,809
License plate revenues	2,379,867	2,416,927
Other revenues, gains and losses	6,551,696	9,179,268
Program services payments	(235,930,112)	(226,988,472)
Supporting services payments	(38,293,206)	(37,669,646)
Net cash used in operating activities	<u>(100,003,939)</u>	<u>(110,975,522)</u>
Cash flows from investing activities		
Investment purchases	(2,135,740)	(7,152,671)
Investment sales and maturities	57,076,362	43,097,878
Investment management fees, net	1,716,893	434,819
Income tax refund (expense)	3,263	(173,239)
Notes receivable collections	356,271	586,324
Real estate sales	3,146,939	1,943,184
Net cash provided by investing activities	<u>60,163,988</u>	<u>38,736,295</u>
Cash flows from capital and related financing activities		
Real estate purchases	(862,100)	(325,731)
Capital asset purchases	(2,175,125)	(3,745,472)
Capital debt principal payments	(316,243)	(721,298)
Capital debt interest payments	(45,093)	(59,388)
Net cash used in capital and related financing activities	<u>(3,398,561)</u>	<u>(4,851,889)</u>
Cash flows from noncapital financing activities		
Contributions restricted for long-term investment	58,785,759	75,472,553
Alumni program support restricted for long-term investment	417,905	328,678
Other revenues restricted for long-term investment	1,161,190	693,294
Beneficiary and other split-interest payments	(3,952,583)	(4,078,284)
Net cash flows provided by noncapital financing activities	<u>56,412,271</u>	<u>72,416,241</u>
Change in cash and cash equivalents	13,173,759	(4,674,875)
Cash and cash equivalents - beginning of year	15,359,552	20,034,427
Cash and cash equivalents - end of year	<u>\$ 28,533,311</u>	<u>\$ 15,359,552</u>

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

STATEMENTS OF CASH FLOWS
(for the fiscal years ended June 30, 2024 and 2023)

	<u>2024</u>	<u>2023</u>
Reconciliation of the change in operating income to net cash used in operating activities		
Operating income (loss)	\$ 72,621,761	\$ (37,856,767)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation and amortization expense	5,661,400	4,349,979
Provision for doubtful accounts and pledges	6,738,381	4,459,279
Investment return, net	(170,365,298)	(88,579,354)
Noncash contributions	2,497	(2,011,700)
Income tax (refund) expense	(3,264)	173,239
Interest expense	46,540	66,688
Change in assets, liabilities, and deferred inflows of resources:		
Receivables, prepaid expenses and other assets	(12,543,930)	(31,834,114)
Pledges receivable	(8,512,453)	40,186,595
Cash surrender value of life insurance	(850,531)	(559,346)
Accounts payable, accrued expenses and other liabilities	7,200,958	629,979
Net cash used in operating activities	<u>\$ (100,003,939)</u>	<u>\$ (110,975,522)</u>
Supplemental disclosures of noncash investing, capital, noncapital, and related financing activities		
Unrealized gains on investments	\$ 149,801,798	\$ 80,339,712
Donations of real estate held for resale	-	2,225,000
Transfers of real estate held for use	-	(213,300)

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

STATEMENTS OF FIDUCIARY NET POSITION
(for the fiscal years ended June 30, 2024 and 2023)

	CUSTODIAL FUNDS	
	2024	2023
Assets		
Cash and cash equivalents	\$ 8,715,588	\$ 6,827,868
Investments at fair value:		
Short-term investments	2,634	6,399
Bonds	9,397	5,973
Mutual funds	277,900	277,006
Private equity investments	6,128,761	3,522,317
Total investments	<u>6,418,692</u>	<u>3,811,695</u>
Pledges receivable, net	33,604,911	38,884,905
Real estate held for sale	210	1,050
Cash surrender value of life insurance	170,724	190,696
Total assets	<u><u>48,910,125</u></u>	<u><u>49,716,214</u></u>
Liabilities		
Accounts payable and other liabilities	\$ 63,849	\$ 297,900
Annuity liabilities	206,038	216,437
Total liabilities	<u><u>269,887</u></u>	<u><u>514,337</u></u>
Deferred inflows of resources		
Annuities	\$ 8,221	\$ 20,109
Net position		
Restricted for:		
University of Florida related entities	<u>48,632,017</u>	<u>49,181,768</u>
Total net position	<u><u>\$ 48,632,017</u></u>	<u><u>\$ 49,181,768</u></u>

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
(for the fiscal years ended June 30, 2024 and 2023)

	CUSTODIAL FUNDS	
	2024	2023
Additions		
Contributions:		
Donors, net	\$ 10,762,078	\$ 22,173,107
Investment earnings:		
Net increase in fair value of investments	250,768	160,105
Interest and dividends	1,499	-
Total investment earnings	<u>252,267</u>	<u>160,105</u>
Other	212,513	203,725
Total additions	<u>11,226,858</u>	<u>22,536,937</u>
Deductions		
Administrative expense	709,518	948,414
Payments/transfers to University of Florida related entities	<u>11,067,091</u>	<u>18,804,672</u>
Total deductions	<u>11,776,609</u>	<u>19,753,086</u>
Net (decrease) increase in fiduciary net position	(549,751)	2,783,851
Net position, beginning of year	<u>49,181,768</u>	<u>46,397,917</u>
Net position, end of year	<u>\$ 48,632,017</u>	<u>\$ 49,181,768</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



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

Note 1. Summary of Significant Accounting Policies

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

Reporting entity: The Foundation is a nonprofit entity established to solicit and manage funds for the benefit of the University of Florida (the University), a state university, as provided for in Section 1004.28 of the Florida Statutes and Board of Regents Rule 6C-9.011. The Foundation functions as a direct support organization of the University and is reported as a discrete component unit of the University in its financial statements. The financial statements of the Foundation include the accounts of its blended component unit, the University of Florida Alumni Association, Inc. (the Association), but exclude fiduciary activities, which are reported in separate statements. The Association is included as a blended component unit as the Foundation has governance and operational responsibilities for the organization including financial relationships and oversight. The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes pursuant to Section 501(a) of the IRC and Chapter 220.13 of the Florida Statutes, except for income from activities not related to its principal function.

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

accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of timing of cash flows.

Financial statements for fiduciary activities are presented separately after the Statements of Cash Flows. Fiduciary activities of the Foundation include funds held on behalf of other University related entities. Fiduciary funds are not reflected in the Foundation's financial statements because the resources of those funds are held for the benefit of parties outside the Foundation and are not available to support the Foundation's programs.

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

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

- **Net investment in capital assets:** Represents funds that consist of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to and expended on the acquisition, construction or improvement of those assets, net of any related unspent debt proceeds.
- **Restricted:** Restricted net position represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. Restricted funds include:
 - **Expendable:** Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the

University and includes the expendable portion of endowment funds. These programs include student scholarships, faculty and staff support, research funding, funding for facilities and general college support.

- **Nonexpendable:** Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the University. These programs include student scholarships, faculty and staff support, research funding, funding for facilities and general college support. The corpus of the permanent endowments is retained and reported in nonexpendable, while the net earnings or losses on endowment funds are included in the expendable funds.

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

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

Operating and nonoperating activities: Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in

support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Operating revenues also include investment earnings on the endowment, alumni program support and license plate revenues. Nonoperating revenues and changes in nonexpendable include certain revenue sources that provide additional funding not included in operating revenues, including endowment contributions.

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

In the normal course of business, the Foundation accepts financial assets from donors on behalf of specified beneficiaries to which it is financially interrelated and recognizes the fair value of assets received as contributions. Contributions, including unconditional promises to give, are recognized as revenues in the period received and are recorded at their estimated



fair value on the date of contribution. Contributions of cash, investment securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are reported as increases in net position, with the exception of pledges to the endowment, which are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Fundraising: Costs associated with fundraising activities are included in supporting services as development expense in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Included are all direct costs associated with fundraising activities and allocable costs of activities that include both fundraising and program or management and general functions.

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

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

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

Investments and fair value measurements: The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market and income approaches.

Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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

Capital assets: All real property (buildings and land) is capitalized. Property and equipment purchased with an original cost of \$5,000 or more are recorded at cost. Contributed property and equipment having a value of \$5,000 or more are recorded at their acquisition cost on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support for the term of the restricted period. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Capital assets are depreciated using the straight-line method of accounting over the estimated useful lives of the assets. The estimated useful life for vehicles and equipment is three years and ranges from five years to thirty years for buildings and

improvements. Land is not depreciated. If equipment is donated to the Foundation for the benefit of the University, the Foundation transfers title to the specified University recipient and no amounts are capitalized in the Foundation's financial statements. Expenditures for renewals and betterments that extend the useful lives of property are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of long-lived assets: The Foundation reviews its capital assets and considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude, and the event or change in circumstance is outside the normal life cycle of the capital asset. As a result of any impairments, property with a permanent decrease in value is stated at the lower of the carrying value or fair value. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2024 and 2023.

Permanent collections: The Foundation owns most of the collection of the Samuel P. Harn Museum of Art (Harn). These collection items are under the control of the Harn, and these items are cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections, which were acquired through contributions and purchases since inception, are not recognized as assets on the Statements of Net Position.

The Foundation does not capitalize its permanent collections due to accreditation requirements imposed by the American Alliance of Museums. Contributed collection items are recorded as in-kind contributions and offsetting decreases (program expense) in the appropriate net position class. Purchases of collection items are recorded as decreases (program expense) in the appropriate net position class in the year in which the items are acquired. Proceeds from sales or insurance recoveries are reflected as increases (other revenues) in the appropriate net position class.

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



Split-interest agreements: The Foundation accepts gifts subject to split-interest agreements. These gifts may be in the form of annuities, life estates or charitable remainder trusts. At the time of receipt, a deferred inflow is recorded based upon the fair value of assets donated and a liability based on the present value of projected future distributions to the beneficiaries. All activity related to the split-interest agreements is recorded as a deferred inflow. No revenue is recognized until termination of the split-interest agreement, when the remaining deferred inflow will be recognized. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using mortality tables and the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift ranging from 0.60% to 8.00%. Funds subject to split-interest agreements are classified as restricted expendable or restricted nonexpendable based upon donor designations.

Current Florida law requires charities to maintain certain minimum gift annuity reserves. As of June 30, 2024 and 2023, the Foundation held assets in excess of the minimum required by state law.

Fiduciary fund: The Foundation has one category of fiduciary funds:

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

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

Fundraisers' salaries and expenses paid by various colleges and units of the University: A portion of certain fundraisers' salaries and expenses is paid either directly by the colleges and units in which the fundraisers represent, or it is reimbursed to the Foundation by the colleges and units. These amounts which totaled \$18,706,250 and \$15,037,449 for the



fiscal years ended June 30, 2024 and 2023, respectively, are included in unrestricted operating revenues as support from the University and in supporting services as development expenses. At June 30, 2024 and 2023, \$841,595 and \$827,796 of these amounts are included in other current liabilities, respectively.

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

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

Income taxes: The Foundation is exempt from federal income taxes under section 501(a) of the IRC as an organization described in section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation’s primary source of unrelated business income is from certain investments in private equity partnerships. For the fiscal years ended June 30, 2024 and 2023, the Foundation had current income tax (benefit) expense of \$(3,263) and \$173,239, respectively, which are included as an adjustment to investment return in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The Foundation files income tax returns in the U.S. federal jurisdiction and in various state and local jurisdictions. Tax periods open to examination by major taxing jurisdictions to which the Foundation is subject include fiscal years ended June 30, 2021 through June 30, 2024.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with U.S. GAAP for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

Note 2. Reporting Changes

There were no new accounting pronouncements or reporting changes impacting the Foundation’s financial statements for the fiscal year ended June 30, 2024.

Note 3. Cash and Cash Equivalents

The amounts reported by the Foundation as cash and cash equivalents consists of cash on hand, cash in bank demand accounts, cash held at the University and money market funds. Cash and cash equivalents at June 30, 2024 and 2023 are as follows:

NOTE 3. CASH AND CASH EQUIVALENTS		
	2024	2023
Cash in bank demand accounts	\$ 19,159,752	\$ 13,210,211
Money market funds	7,406,625	596,790
Cash held at the University of Florida	1,966,434	1,552,051
Cash on hand	500	500
Total cash and cash equivalents	\$ 28,533,311	\$ 15,359,552
Cash in bank demand accounts for fiduciary custodial funds	\$ 8,715,588	\$ 6,827,868

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

At June 30, 2024 and 2023, \$7,406,625 and \$596,790, respectively, in cash deposits are not insured by federal depository insurance and are not collateralized.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. The Foundation has no formal policy for custodial credit risk, but manages liquidity to minimize exposure of uninsured balances.

Note 4. State Match Receivable

In accordance with Florida Statute Chapter 1011.94, University Major Gifts Program, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to support libraries and instruction and research programs, were eligible for state match. As of June 30, 2024 and 2023, the Foundation has approved state matching requests that have not yet been received or recognized in the financial statements totaling \$130,905,263 for both fiscal years. The State of Florida suspended funding for this program, effective July 1, 2011, and has not appropriated any funds since this date; therefore, no receivable has been recorded in the accompanying financial statements.

Note 5. Pledges Receivable

Pledges receivable and the related allowance for potentially uncollectible amounts at June 30, 2024 and 2023, are summarized as follows:

NOTE 5. PLEDGES RECEIVABLE

	2024	2023
Due in less than one year	\$ 15,866,478	\$ 34,812,307
Due in one to five years	117,100,248	92,329,630
Due after five years	7,478,819	5,085,243
	<u>140,445,545</u>	<u>132,227,180</u>
Less:		
Allowance for doubtful amounts	(13,061,436)	(12,297,128)
Unamortized discounts	(14,763,756)	(9,083,771)
Total pledges receivable, net	<u>\$ 112,620,353</u>	<u>\$ 110,846,281</u>
Current pledges receivable, net	\$ 14,390,895	\$ 31,574,763
Noncurrent pledges receivable, net	98,229,458	79,271,518
Total pledges receivable, net	<u>\$ 112,620,353</u>	<u>\$ 110,846,281</u>
Pledges held in fiduciary custodial funds:		
Due in less than one year	\$ 5,504,105	\$ 11,735,594
Due in one to five years	27,232,826	30,735,598
Due after five years	10,515,107	4,696,857
	<u>43,252,038</u>	<u>47,168,049</u>
Less:		
Allowance for doubtful amounts	(4,022,439)	(4,386,628)
Unamortized discounts	(5,624,688)	(3,896,516)
Total pledges receivable, net	<u>\$ 33,604,911</u>	<u>\$ 38,884,905</u>
Current pledges receivable, net	\$ 4,992,223	\$ 10,644,184
Noncurrent pledges receivable, net	28,612,688	28,240,721
Total pledges receivable, net	<u>\$ 33,604,911</u>	<u>\$ 38,884,905</u>

Noncurrent pledges receivable are net of discounts amounting to \$14,763,756 and \$9,083,771 at June 30, 2024 and 2023, respectively. For fiduciary custodial funds, noncurrent pledges receivable are net of discounts amounting to \$5,624,688 and \$3,896,516 at June 30, 2024 and 2023, respectively. All pledges receivable are discounted using a risk adjusted discount rate for the month the pledge was initially recognized. The risk adjusted discount rate consists of the 5-year Treasury yield plus a 1.00% risk premium. Discount rates used ranged from 1.21% to 5.82%.



Note 6. Investment Management Agreement

The University of Florida Board of Trustees created the University of Florida Investment Corporation (UFICO), a direct support organization, to manage University investments. UFICO is governed by a volunteer board of directors independent from the Foundation. The Foundation has a management agreement with UFICO to manage a significant portion of its investments. Management fees are payable at the beginning of each quarter and are computed based on amounts budgeted by UFICO and the market value of the assets as reported by the custodians at the previous quarter-end. The asset valuations used in the fee calculations include all funds and assets under management, including cash and accrued income. Annualized fees charged were 0.14% and 0.16% for the years ended June 30, 2024 and 2023, respectively. Management fees expenses during the fiscal years ended June 30, 2024 and 2023, under this agreement totaled \$3,350,748 and \$3,520,202, respectively, which are

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

Note 7. Investments

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

Investments at June 30, 2024 and 2023, are summarized as follows:

NOTE 7. INVESTMENTS					
	<u>Endowments</u>	<u>Split-interest Agreements</u>	<u>Other</u>	<u>Total</u>	<u>Fiduciary Custodial Funds</u>
JUNE 30, 2024					
Government issues – domestic	\$ -	\$ 449,250	\$ -	\$ 449,250	\$ 9,397
Government issues - foreign	-	-	-	-	-
Equities	-	-	1,447,352	1,447,352	-
Short-term investments	112,750	1,138,980	189,380	1,441,110	2,634
Mutual funds – equities	-	37,668,515	-	37,668,515	166,742
Mutual funds – fixed income	-	16,622,102	-	16,622,102	111,158
Private equity investments	2,292,015	-	-	2,292,015	-
Private equity investments – UFICO limited partnerships ⁽¹⁾	2,449,325,241	-	-	2,449,325,241	6,128,761
Total investments	<u>\$ 2,451,730,006</u>	<u>\$ 55,878,847</u>	<u>\$ 1,636,732</u>	<u>\$ 2,509,245,585</u>	<u>\$ 6,418,692</u>
JUNE 30, 2023					
Government issues – domestic	\$ -	\$ 320,656	\$ -	\$ 320,656	\$ 5,973
Government issues - foreign	-	-	20,000	20,000	-
Equities	-	-	1,278,424	1,278,424	-
Short-term investments	62,531	1,182,672	102,636	1,347,839	6,399
Mutual funds – equities	-	36,791,279	-	36,791,279	165,380
Mutual funds – fixed income	-	16,602,582	-	16,602,582	111,626
Private equity investments	2,292,015	-	-	2,292,015	-
Private equity investments – UFICO limited partnerships ⁽¹⁾	2,331,294,192	-	-	2,331,294,192	3,522,317
Total investments	<u>\$ 2,333,648,738</u>	<u>\$ 54,897,189</u>	<u>\$ 1,401,060</u>	<u>\$ 2,389,946,987</u>	<u>\$ 3,811,695</u>

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

NOTE 7. INVESTMENTS: CREDIT RISK

	Quality Rating		2024 Fair Value		2023 Fair Value
Government issues - foreign	AA-	\$	-	\$	20,000
Mutual funds - fixed income	AAA		-		5,219,152
Mutual funds - fixed income	AA		11,938,100		7,396,980
Mutual funds - fixed income	A		630,888		2,787,350
Mutual funds - fixed income	BBB		2,838,258		-
Mutual funds - fixed income	BB		1,214,856		1,199,100
Money market funds	AAA		1,441,110		1,347,839
Total			\$18,063,212		\$17,970,421
Fiduciary custodial funds					
Mutual funds - fixed income	AAA	\$	-	\$	22,189
Mutual funds - fixed income	AA		66,858		62,982
Mutual funds - fixed income	A		17,249		19,087
Mutual funds - fixed income	BBB		19,563		-
Mutual funds - fixed income	BB		7,488		7,368
Money market funds	AAA		2,634		6,399
Total		\$	113,792	\$	118,025

Custodial credit risk: Custodial credit risk is the risk that, in event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Foundation’s name, and are held by someone other than the Foundation. The Foundation has no formal policy on custodial credit risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. The investment management agreement with UFICO requires that all securities be held by the Foundation’s agent in the Foundation’s name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. The Foundation has no formal policy on concentration of credit risk, but UFICO’s Statement of Investment Policy addresses risk management of the investments.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The Foundation has no formal policy on credit risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. The private equity funds are unrated. The above schedule represents the ratings of the Foundation’s debt



NOTE 7. INVESTMENTS: INTEREST RATE RISK

	Average Duration		2024 Fair Value		2023 Fair Value
Government issues – domestic	Less than one year	\$	334,630	\$	-
Government issues – domestic	One to five years		114,620		320,656
Government issues – foreign	Less than one year		-		20,000
Mutual funds – fixed income	One to five years		1,214,856		1,199,100
Mutual funds – fixed income	Six to ten years		15,407,246		15,403,482
Money market funds	Less than one year		1,441,110		1,347,839
Total		\$	<u>18,512,462</u>	\$	<u>18,291,077</u>
Fiduciary custodial funds					
Government issues – domestic	Less than one year	\$	6,263	\$	-
Government issues – domestic	One to five years		3,134		5,973
Mutual funds – fixed income	One to five years		7,488		7,368
Mutual funds – fixed income	Six to ten years		103,670		104,258
Money market funds			2,634		6,399
Total		\$	<u>123,189</u>	\$	<u>123,998</u>

investments as of June 30, 2024 and 2023, using nationally recognized statistical ratings quality organizations.

Interest rate risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Foundation has no formal policy on interest rate risk but UFICO’s Statement of Investment Policy addresses risk management of the investments. Interest rate risk for the Foundation’s debt investments as of June 30, 2024 and 2023, is as follows:

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment’s fair value. As of June 30, 2024 and 2023, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2024 and 2023, the Foundation’s assets were held in U.S. currency; the currency risk on international and global assets is absorbed by the underlying investment managers. The Foundation has no formal policy on foreign currency risk but UFICO’s Statement of Investment Policy addresses risk management of the investments.

Fair value: GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices

in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy categorizes the inputs into three levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that government can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for an asset or liability either directly or indirectly.
- **Level 3:** Unobservable inputs for an asset or liability.

The following valuation techniques and inputs were used to estimate the fair value of assets and liabilities carried at fair value on the Statements of Net Position. There have been no changes to these techniques and inputs during the fiscal years ended June 30, 2024 and 2023.

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

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

Government issues (domestic and foreign): The fair value of these fixed income investments is classified as Level 2, based upon quotes from independent pricing vendors, based upon independent pricing models or other model-based valuation techniques such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors such as credit loss assumptions.

Private equity investments: The fair value of private equity investments held directly by the Foundation consists of a donated investment of 100% of the closely held stock of a company which is invested 100% in real estate. The valuation is based upon the historical appraised value of the underlying real estate assets. The private equity investments held in the UFICO limited partnerships are measured at net asset value and are not included in the fair value hierarchy.

The following table presents the assets measured at fair value on a recurring basis on the Statements of Net Position for the fiscal years ended June 30, 2024 and 2023, by the GASB Statement No. 72 hierarchy (as described previously).

NOTE 7. INVESTMENTS: FAIR VALUE				
JUNE 30, 2024				
Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents classified as short-term (current) investments:				
Money market funds	\$ 1,441,110	\$ -	\$ 1,441,110	\$ -
Bonds and notes:				
Government issues - domestic	449,250	-	449,250	-
Government issues - foreign	-	-	-	-
Equities	1,447,352	1,447,352	-	-
Mutual funds:				
Equities	37,668,515	37,668,515	-	-
Fixed income	16,622,102	16,622,102	-	-
Private equity	2,292,015	-	-	2,292,015
Total investments by fair value level	<u>59,920,344</u>	<u>\$ 55,738,148</u>	<u>\$ 1,890,181</u>	<u>\$ 2,292,015</u>
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships ⁽¹⁾	2,449,325,241			
Total investments	<u>\$ 2,509,245,585</u>			
Fiduciary custodial funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	\$ 2,634	\$ -	\$ 2,634	\$ -
Bonds and notes:				
Government issues - domestic	9,397	-	9,397	-
Mutual funds:				
Equities	166,742	166,742	-	-
Fixed income	111,158	111,158	-	-
Total investments by fair value level	<u>289,931</u>	<u>\$ 277,900</u>	<u>\$ 12,031</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships ⁽¹⁾	6,128,761			
Total investments, fiduciary custodial funds	<u>\$ 6,418,692</u>			

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



NOTE 7. INVESTMENTS: FAIR VALUE				
JUNE 30, 2023				
Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents classified as short-term (current) investments:				
Money market funds	\$ 1,347,839	\$ -	\$ 1,347,839	\$ -
Bonds and notes:				
Government issues - domestic	320,656	-	320,656	-
Government issues - foreign	20,000	-	20,000	-
Equities	1,278,424	1,278,424	-	-
Mutual funds:				
Equities	36,791,279	36,791,279	-	-
Fixed income	16,602,582	16,602,582	-	-
Private equity	2,292,015	-	-	2,292,015
Total investments by fair value level	58,652,795	\$ 54,672,285	\$ 1,688,495	\$ 2,292,015
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships ⁽¹⁾	2,331,294,192			
Total investments	\$ 2,389,946,987			
Fiduciary custodial funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	\$ 6,399	\$ -	\$ 6,399	\$ -
Bonds and notes:				
Government issues - domestic	5,973	-	5,973	-
Mutual funds:				
Equities	165,380	165,380	-	-
Fixed income	111,626	111,626	-	-
Total investments by fair value level	289,378	\$ 277,006	\$ 12,372	\$ -
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships ⁽¹⁾	3,522,317			
Total investments, fiduciary custodial funds	\$ 3,811,695			

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

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

NOTE 7. INVESTMENTS: NET ASSET VALUE

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
JUNE 30, 2024				
Limited partnerships (UFICO):				
Florida Long-term Pool Fund, LP	\$ 2,455,454,002	\$ 392,677,734	Monthly	30 days
Investments measured at NAV that are not held in fiduciary custodial funds	\$ 2,449,325,241			
Investments measured at NAV that are held in fiduciary custodial funds	\$ 6,128,761			
JUNE 30, 2023				
Limited partnerships (UFICO):				
Florida Long-term Pool Fund, LP	\$ 2,334,816,509	\$ 378,830,149	Monthly	30 days
Investments measured at NAV that are not held in fiduciary custodial funds	\$ 2,331,294,192			
Investments measured at NAV that are held in fiduciary custodial funds	\$ 3,522,317			

Limited partnerships: As of June 30, 2024 and 2023, this category consists of investments in a limited partnership managed by UFICO that invests in short-term investments, global equities, fixed income, hedge strategies and private equity. The June 30 valuations of the investments in the limited partnership are based upon the value determined by the partnership’s general partner as of March 31, adjusted for unrealized gains/losses, capital contributions and distributions that occurred during the quarter ended June 30. These amounts may differ from values that would be determined if the investments in the limited partnership were publicly traded or if the June 30 valuation amounts were currently available. The nature of the investment in this category is that distributions are received through liquidation of underlying assets. Redemptions are limited at the discretion of the general partner (UFICO) to the extent any limitations are imposed by any of the underlying third-party managed funds. As of June 30, 2024, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Foundation’s ownership interest and partner’s capital.

As of June 30, 2024 and 2023, the major categories of the limited partnerships are summarized as follows:

NOTE 7. INVESTMENTS: UFICO LIMITED PARTNERSHIPS

	2024	2023
Short-term investments	\$ 19,118,737	\$ 120,874,003
Global equities	756,825,254	755,172,557
Global fixed income	162,601,355	82,141,285
Hedge strategies	482,344,462	435,917,335
Private equity investments	<u>1,034,564,194</u>	<u>940,711,329</u>
Total	<u>\$ 2,455,454,002</u>	<u>\$ 2,334,816,509</u>
UFICO limited partnership Investments not held in fiduciary custodial funds	\$ 2,449,325,241	\$ 2,331,294,192
UFICO limited partnership Investments held in fiduciary custodial funds	\$ 6,128,761	\$ 3,522,317

Note 8. Endowments

The Foundation’s endowment consists of 4,335 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, the net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

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

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

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

expendable until those amounts are appropriated for expenditure as specified by the terms for that endowment.

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

Effective July 1, 2023, the endowment payout methodology utilizes a 12-quarter average of the long-term investment pool's unit price, calculated as of December 31 of the fiscal year preceding the planned distribution. This average unit price forms the basis for the annual endowment payout, which is distributed quarterly to funds invested in the endowment pool.

On July 1st each year, the average unit price is used to establish the spending base for individual endowments. This base remains fixed for the year, adjusting only for new gifts, thus providing a predictable funding stream for colleges and units.

In the prior year, the principal fund's spending base was a percentage of market value, subject to quarterly adjustments to maintain a range of 85% to 95% of the endowment investments' market value.

For fiscal years ending June 30, 2024 and 2023, the endowment payout rate on invested amounts was 4.00% of each individual endowment's principal fund spending base.

The Foundation assesses an annual administrative fee of 1.35%, charged quarterly on endowment invested amounts. This fee is a portion of the funding mechanism for the advancement programs of the University.

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

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

The following displays the total ending endowment balances for nonexpendable endowments as of June 30, 2024 and 2023:

NOTE 8. ENDOWMENTS		
	<u>2024</u>	<u>2023</u>
Total endowment balance	\$ 2,447,779,721	\$ 2,333,536,909
Less term endowment	(764,770)	(837,828)
Less endowment capital assets, net	(2,916,149)	(3,086,859)
Less appreciation portion of restricted expendable	(780,406,333)	(715,504,150)
Restricted nonexpendable balance	<u>\$ 1,663,692,469</u>	<u>\$ 1,614,108,072</u>
	<u>2024</u>	<u>2023</u>
Endowment, beginning of year	\$ 2,333,536,909	\$ 2,272,031,288
Contributions and other revenues	62,511,435	78,919,673
Investment return, net	167,468,114	92,535,676
Appropriation of endowment assets for expenditure	(115,736,737)	(109,949,728)
Endowment, end of year	<u>\$ 2,447,779,721</u>	<u>\$ 2,333,536,909</u>



Endowment net position and activity for University of Florida related entities are not included in the preceding schedule. The ending net position including those entities at June 30, 2024 and 2023, are as follows:

NOTE 8. ENDOWMENTS: UNIVERSITY ENDOWMENT		
	<u>2024</u>	<u>2023</u>
University of Florida permanent endowments	\$ 2,447,014,951	\$ 2,332,699,081
University of Florida term endowments	764,770	837,828
Permanent endowments held on behalf of University of Florida related entities (fiduciary custodial funds)	<u>6,172,642</u>	<u>3,573,057</u>
Total University endowment	<u>\$ 2,453,952,363</u>	<u>\$ 2,337,109,966</u>

Underwater endowments: As a result of market declines, the fair values of certain donor-restricted endowments were less than the historical cost values (original gift/book values), and therefore, are considered to be underwater. The fair value deficiencies of underwater endowments were \$2,801,164 and \$3,566,014 at June 30, 2024 and 2023, respectively.

Note 9. Real Estate Held for Sale

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

The Note 9 table sets forth a summary of changes in real estate held for sale for the fiscal years ended June 30, 2024 and 2023.

NOTE 9. REAL ESTATE HELD FOR SALE		
	<u>2024</u>	<u>2023</u>
Real estate held for sale, beginning of year	\$ 5,197,284	\$ 5,436,486
Donations	264,214	2,874,769
Disposals	(2,833,984)	(2,900,671)
Impairments	<u>(157,160)</u>	<u>(213,300)</u>
Real estate held for sale, end of year	<u>2,470,354</u>	<u>5,197,284</u>
Real estate held for sale in fiduciary custodial funds	<u>\$ 210</u>	<u>\$ 1,050</u>

Note 10. Capital Assets

Capital assets activity for the fiscal years ended June 30, 2024 and 2023 is as follows:

NOTE 10. CAPITAL ASSETS				
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>
Property and equipment:				
Land held for use and land preserve	\$ 100,589,927	\$ 380,548	\$ (140,000)	\$ 100,830,475
Buildings held for use	8,481,972	481,552	(35,000)	8,928,524
Less accumulated depreciation	<u>(6,313,788)</u>	<u>(274,113)</u>	<u>17,852</u>	<u>(6,570,049)</u>
Net buildings held for use	<u>2,168,184</u>	<u>207,439</u>	<u>(17,148)</u>	<u>2,358,475</u>
Equipment, furniture and vehicles	8,745,894	529,715	(8,000)	9,267,609
Less accumulated depreciation	<u>(6,810,482)</u>	<u>(1,162,897)</u>	<u>-</u>	<u>(7,973,379)</u>
Net equipment, furniture and vehicles	<u>1,935,412</u>	<u>(633,182)</u>	<u>(8,000)</u>	<u>1,294,230</u>
Software subscriptions	7,253,644	1,645,410	(12,349)	8,886,705
Less accumulated amortization	<u>(4,404,308)</u>	<u>(4,224,390)</u>	<u>-</u>	<u>(8,628,698)</u>
Net software subscriptions	<u>2,849,336</u>	<u>(2,578,980)</u>	<u>(12,349)</u>	<u>258,007</u>
Other capital assets	<u>95,002</u>	<u>-</u>	<u>-</u>	<u>95,002</u>
Total capital assets, net	<u>\$ 107,637,861</u>	<u>\$ (2,624,175)</u>	<u>\$ (177,497)</u>	<u>\$ 104,836,189</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>
Property and equipment:				
Land held for use and land preserve	\$ 100,446,579	\$ 143,348	\$ -	\$ 100,589,927
Buildings held for use	8,299,589	182,383	-	8,481,972
Less accumulated depreciation	<u>(6,088,156)</u>	<u>(225,632)</u>	<u>-</u>	<u>(6,313,788)</u>
Net buildings held for use	<u>2,211,433</u>	<u>(43,249)</u>	<u>-</u>	<u>2,168,184</u>
Equipment, furniture and vehicles	7,927,192	818,702	-	8,745,894
Less accumulated depreciation	<u>(5,485,260)</u>	<u>(1,325,222)</u>	<u>-</u>	<u>(6,810,482)</u>
Net equipment, furniture and vehicles	<u>2,441,932</u>	<u>(506,520)</u>	<u>-</u>	<u>1,935,412</u>
Software subscriptions	4,326,875	2,926,769	-	7,253,644
Less accumulated amortization	<u>(1,605,183)</u>	<u>(2,799,125)</u>	<u>-</u>	<u>(4,404,308)</u>
Net software subscriptions	<u>2,721,692</u>	<u>127,644</u>	<u>-</u>	<u>2,849,336</u>
Other capital assets	<u>95,002</u>	<u>-</u>	<u>-</u>	<u>95,002</u>
Total capital assets, net	<u>\$ 107,916,638</u>	<u>\$ (278,777)</u>	<u>\$ -</u>	<u>\$ 107,637,861</u>

Depreciation and amortization expense was charged to the following operating expense functions for the fiscal years ended June 30, 2024 and 2023:

NOTE 10. CAPITAL ASSETS: DEPRECIATION AND AMORTIZATION EXPENSE			
	<u>2024</u>	<u>2023</u>	
Program services	\$ 89,598	\$ 90,114	
Supporting services	<u>5,571,802</u>	<u>4,259,865</u>	
Total	<u>\$ 5,661,400</u>	<u>\$ 4,349,979</u>	

Note 11. Long-term Liabilities

A summary of changes in long-term liabilities for the fiscal years ended June 30, 2024 and 2023 is as follows:

NOTE 11. LONG-TERM LIABILITIES					
	June 30, 2023	Additions	Reductions	June 30, 2024	Current Portion
Shands Teaching Hospital and Clinics, Inc. parking garage	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
College of the Arts warehouse	425,461	-	(29,268)	396,193	31,074
Software subscriptions	342,217	-	(186,975)	155,242	155,242
Total capital related liabilities	<u>867,678</u>	<u>-</u>	<u>(316,243)</u>	<u>551,435</u>	<u>186,316</u>
Split-interest agreements:					
Annuity liabilities	9,014,440	294,837	(848,653)	8,460,624	878,906
Trust liabilities	30,766,223	478,616	(720,418)	30,524,421	3,014,293
Other noncurrent liabilities	2,454,301	353,259	(803,671)	2,003,889	-
Total other noncurrent liabilities	<u>42,234,964</u>	<u>1,126,712</u>	<u>(2,372,742)</u>	<u>40,988,934</u>	<u>3,893,199</u>
Total noncurrent liabilities	<u>\$ 43,102,642</u>	<u>\$ 1,126,712</u>	<u>\$ (2,688,985)</u>	<u>\$ 41,540,369</u>	<u>\$ 4,079,515</u>
Annuity liabilities held in fiduciary custodial funds	<u>\$ 216,437</u>	<u>\$ -</u>	<u>\$ (10,399)</u>	<u>\$ 206,038</u>	<u>\$ 22,841</u>
	June 30, 2022	Additions	Reductions	June 30, 2023	Current Portion
Shands Teaching Hospital and Clinics, Inc. parking garage	\$ 200,000	\$ -	\$ (100,000)	\$ 100,000	\$ 100,000
College of the Arts warehouse	453,030	-	(27,569)	425,461	29,268
Software subscriptions	935,946	442,657	(1,036,386)	342,217	187,940
Total capital related liabilities	<u>1,588,976</u>	<u>442,657</u>	<u>(1,163,955)</u>	<u>867,678</u>	<u>317,208</u>
Split-interest agreements:					
Annuity liabilities	9,237,552	357,511	(580,623)	9,014,440	981,651
Trust liabilities	31,372,031	613,623	(1,219,431)	30,766,223	2,971,938
Other noncurrent liabilities	2,468,692	389,876	(404,267)	2,454,301	-
Total other noncurrent liabilities	<u>43,078,275</u>	<u>1,361,010</u>	<u>(2,204,321)</u>	<u>42,234,964</u>	<u>3,953,589</u>
Total noncurrent liabilities	<u>\$ 44,667,251</u>	<u>\$ 1,803,667</u>	<u>\$ (3,368,276)</u>	<u>\$ 43,102,642</u>	<u>\$ 4,270,797</u>
Annuity liabilities held in fiduciary custodial funds	<u>\$ 227,035</u>	<u>\$ -</u>	<u>\$ (10,598)</u>	<u>\$ 216,437</u>	<u>\$ 22,841</u>

Shands Teaching Hospital and Clinics, Inc. parking garage – direct borrowing: On June 30, 1994, the Foundation entered into a \$3,000,000 30-year note to assume the financial obligation for the Shands parking garage facility. This note, payable to Shands, matured on September 1, 2023. The Foundation was required to make annual installments of \$100,000, with the final principal payment made during fiscal year 2024. Although the note was non-interest bearing, interest was imputed at a rate of 3.75% for the fiscal years ended June 30, 2024 and 2023. This note represented a direct borrowing agreement between the Foundation and Shands Teaching Hospital and Clinics, Inc. for the financing of the parking garage facility. The final payment on this obligation occurred in the fiscal year following the maturity date, concluding the Foundation's commitment under this agreement.

College of the Arts warehouse – direct borrowing: On April 15, 2010, the Foundation entered into a \$600,000 24-year note, maturing April 1, 2034, to purchase property for the University of Florida College of the Arts. The note is payable to an individual in monthly installments of \$3,500 through 2016, \$4,000 through 2021 and \$4,500 through 2034. The note bears interest at a fixed rate of 6.00%. The note is collateralized by property with a carrying value of \$458,333.

Software subscription: The Foundation has entered into multiple software subscription agreements over the prior fiscal years. The aggregate amount of outstanding principal on all agreements is \$155,242 as of the fiscal year ended June 30, 2024. The liability for each agreement

was initially measured at the present value of the subscription payments expected to be made during the subscription term. The discount rate used to measure the liability for the outstanding agreement was 7.50%. The related software subscription asset has a carrying value of \$570,605 and includes other costs capitalized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Split Interest Agreements: See Note 1 for additional discussion around split-interest agreements and the related liability.

Interest expense: Total interest expense for the fiscal years ended June 30, 2024 and 2023, respectively, was \$46,540 and \$85,627. These amounts are included in program services and supporting services in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Principal and interest requirements: Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2024, are as follows:

NOTE 11. LONG-TERM LIABILITIES: DEBT SERVICE REQUIREMENTS

Year Ending June 30,	Principal	Interest	Total
2025	\$ 31,074	\$ 22,926	\$ 54,000
2026	32,990	21,010	54,000
2027	35,025	18,975	54,000
2028	37,185	16,815	54,000
2029-2034	223,292	46,708	270,000
2035	36,627	862	37,489
Total	<u>\$ 396,193</u>	<u>\$ 127,296</u>	<u>\$ 523,489</u>

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

NOTE 11. SOFTWARE SUBSCRIPTION

Year Ending June 30,	Principal	Interest	Total
2025	155,242	55,628	210,870
Total	<u>\$ 155,242</u>	<u>\$ 55,628</u>	<u>\$ 210,870</u>

Note 12. Retirement Plans

UNIVERSITY RETIREMENT PLANS

The University follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement requires a cost-sharing employer to recognize a liability for its proportionate share of the net pension liability.

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

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

FRS Investment Plan (Investment Plan): Pursuant to Section 121.4501, Florida Statutes, the Florida legislature created a Public Employee Optional Retirement Program (PEORP), also known as the FRS Investment Plan. The Investment Plan is a defined contribution plan. Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan.

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

The University applies the guidance in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in accounting for the FRS and HIS. The University has determined that the Foundation is not a payor fund for the purpose of liquidating the pension and HIS liabilities; therefore, no net pension liability or related deferred amounts are reported in the financial statements of the

Foundation. An actuarial valuation has been performed for both plans. Personnel assigned to the Foundation were included in the actuarial analysis and are part of the total pension liabilities, the net pension liabilities and the plan net positions disclosed in the notes and other required supplementary information of the Annual Financial Report of the University, which may be obtained from the University.

Other post-employment healthcare benefits:

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

The University has determined that the Foundation is not a payor fund for the purpose of liquidating the net OPEB liability; therefore, no net OPEB liability or related deferral amounts are reported in the financial statements of the Foundation. An actuarial valuation has been performed for the plan. Personnel assigned to the Foundation were included in the actuarial analysis and are part of the total OPEB liability, net OPEB liability, and plan net position disclosed in the notes and other required supplementary information of the University’s Annual Financial Report, which may be obtained from the University. An amount representing group insurance benefits for current personnel assigned to the Foundation is charged to the Foundation through a fringe rate assessed by the University in the period the benefits are earned.

Note 13. Administrative Fees

The University funds its advancement programs primarily through a series of fees. The fees are part of the Foundation’s operating budget. The Finance Advisory Committee of the Foundation’s board is

responsible for reviewing and recommending a fee assessment policy. Changes to the policy are approved by the Foundation’s Board.

During the fiscal years ended June 30, 2024 and 2023, the Foundation assessed the following fees:

NOTE 13. ADMINISTRATIVE FEES		
	2024	2023
Fees assessed on pooled investments	\$ 28,637,937	\$ 28,105,463
Gift fees associated with major gifts and eminent scholar program funds	305,301	240,943
Gift fees associated with all other funds	8,799,506	7,082,755
Real estate fees	93,623	62,579
Non-gift fees	36,334	44,948
Total fees	\$ 37,872,701	\$ 35,536,688

For financial reporting purposes, these fees are eliminated.

Note 14. Related Party Transactions

The Foundation considers the University and the University’s direct support organizations (DSOs) to be related parties for the purpose of the financial statements. The Foundation is the primary fundraiser for the University; in return, the University provides monetary support. The Foundation receives administrative and fundraising support from the University pertaining to expenses for salaries and related benefits that are funded as part of the University support.

In 1994, the Foundation assumed the financial obligation for a parking garage facility from Shands Teaching Hospital and Clinic, Inc. and the related \$3,000,000 note payable, of which \$0 and \$100,000 was outstanding as of June 30, 2024 and 2023, respectively. Simultaneously, the Foundation executed a non-cancelable operating lease with the University as the tenant. The lease agreement requires the University to make annual lease payments to the Foundation through June 30, 2024 (See Note 11).

The Foundation executed a non-cancelable operating lease for real property with the University as the tenant. The lease agreement requires the University to make monthly lease payments of \$3,500 through 2016, \$4,000 through 2021 and \$4,500 through 2025. The

University has the right to renew the lease; whereby, the agreement requires monthly lease payments of \$4,500 to be made through 2034 (see Note 11).

The Foundation has several long-term agreements relating to office facilities with the University expiring in 2044 and 2046. Lease payments for these facilities range from \$1 per year to \$10 per year, well below the current market rates for comparable space. The Foundation recognized an expense and in-kind revenue associated with these lease agreements is \$1,655,596 for both fiscal years ended June 30, 2024 and 2023, respectively.

The Foundation transfers excess operating funds and certain funds held on behalf of University related entities and records a receivable due from the University. The receivable from the University was \$111,756,444 and \$99,310,928 as of June 30, 2024 and 2023, respectively, and is included in receivables and prepaid expenses in the accompanying Statements of Net Position. The amounts are considered fully collectible and, as such, no allowance has been recorded.

Note 15. Risk Management

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

During fiscal year ended June 30, 2024, basic types of insurance coverage remained the same as the types of coverage for June 30, 2023. No settlements have exceeded coverage levels in place during the past three fiscal years.

Note 16. Contingencies

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

Note 17. Blended Component Unit

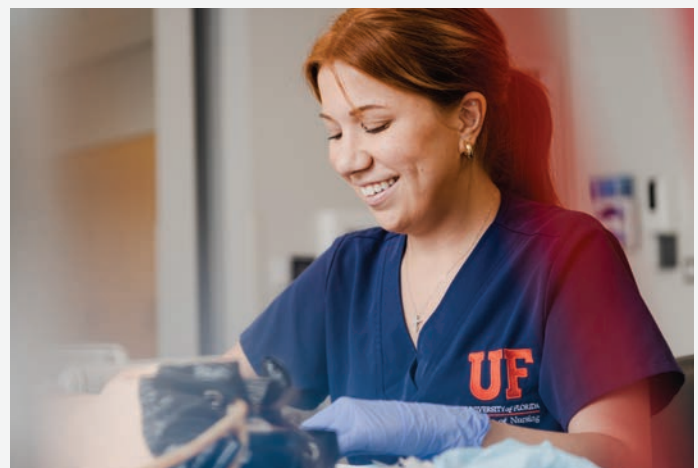
Condensed component unit information for the University of Florida Alumni Association, Inc. (Alumni Association), a blended component unit, as of and for the fiscal years ended June 30, 2024 and 2023 is as follows:

NOTE 17. CONDENSED STATEMENTS		
Condensed Statements of Revenues, Expenses and Changes in Net Position	2024	2023
Operating revenues		
Alumni operating revenues	\$ 1,913,949	\$ 2,439,929
Support from the Foundation	963,337	662,709
Total operating revenues	2,877,286	3,102,638
Operating expenses		
Alumni operating expenses	2,877,286	3,102,638
Change in net position	-	-
Net position – beginning of year	-	-
Net position – end of year	\$ -	\$ -

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

Note 18. Subsequent Events

The Foundation has analyzed events subsequent to the June 30, 2024 fiscal year end and through the audit report date and have determined there are no subsequent events to disclose for fiscal year 2024.





SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(for the fiscal year ended June 30, 2024)

	Unrestricted	Restricted		Net Investment in Capital Assets	Total
		Expendable	Nonexpendable		
Operating revenues					
Contributions, net	\$ 11,985	\$ 178,990,980	\$ -	\$ -	\$ 179,002,965
Support from the University of Florida	20,361,847	-	-	-	20,361,847
Investment return, net	3,218,852	166,555,883	590,563	-	170,365,298
Alumni program support	1,610,084	(486,278)	-	-	1,123,806
License plate revenues	1,429,198	950,669	-	-	2,379,867
Other revenues, gains and losses	1,706,139	4,847,004	-	-	6,553,143
Total operating revenues, net	<u>28,338,105</u>	<u>350,858,258</u>	<u>590,563</u>	<u>-</u>	<u>379,786,926</u>
Operating expenses					
Program services					
General college support	1,619,021	115,376,328	13,674,748	27,944	130,698,041
Student financial aid	-	32,819,982	-	-	32,819,982
Faculty and staff support	-	30,254,930	-	-	30,254,930
Research	-	19,017,967	-	-	19,017,967
Facilities	-	21,831,578	-	48,335	21,879,913
Other	-	10,456,928	-	13,319	10,470,247
Total program services	<u>1,619,021</u>	<u>229,757,713</u>	<u>13,674,748</u>	<u>89,598</u>	<u>245,141,080</u>
Supporting services					
Communications and marketing	3,998,842	-	-	-	3,998,842
Alumni relations	5,852,793	-	-	-	5,852,793
Development	29,070,813	-	-	-	29,070,813
Operations	14,774,538	-	-	5,571,802	20,346,340
Talent management	2,755,297	-	-	-	2,755,297
Total supporting services	<u>56,452,283</u>	<u>-</u>	<u>-</u>	<u>5,571,802</u>	<u>62,024,085</u>
Total operating expenses	<u>58,071,304</u>	<u>229,757,713</u>	<u>13,674,748</u>	<u>5,661,400</u>	<u>307,165,165</u>
Operating income (loss)	<u>(29,733,199)</u>	<u>121,100,545</u>	<u>(13,084,185)</u>	<u>(5,661,400)</u>	<u>72,621,761</u>
Nonoperating revenues					
Change in value of split-interest agreements	-	(107,182)	-	-	(107,182)
Total nonoperating revenues	<u>-</u>	<u>(107,182)</u>	<u>-</u>	<u>-</u>	<u>(107,182)</u>
Income (loss) before changes in nonexpendable	<u>(29,733,199)</u>	<u>120,993,363</u>	<u>(13,084,185)</u>	<u>(5,661,400)</u>	<u>72,514,579</u>
Changes in nonexpendable					
Endowment contributions	-	-	58,346,018	-	58,346,018
Alumni endowment life memberships	-	-	417,905	-	417,905
Other revenues, gains and losses	-	-	1,161,190	-	1,161,190
Split-interest agreement terminations	-	-	1,190,821	-	1,190,821
Total changes in nonexpendable	<u>-</u>	<u>-</u>	<u>61,115,934</u>	<u>-</u>	<u>61,115,934</u>
Transfers					
Net transfers in (out)	(610,173)	(785,327)	1,395,500	-	-
Internal fees in (out)	36,748,966	(36,748,966)	-	-	-
Capital asset adjustments in (out)	(2,923,302)	(409,817)	157,148	3,175,971	-
Total transfers	<u>33,215,491</u>	<u>(37,944,110)</u>	<u>1,552,648</u>	<u>3,175,971</u>	<u>-</u>
Change in net position	<u>3,482,292</u>	<u>83,049,253</u>	<u>49,584,397</u>	<u>(2,485,429)</u>	<u>133,630,513</u>
Net position - beginning of year	<u>39,287,711</u>	<u>919,998,945</u>	<u>1,614,108,072</u>	<u>106,770,183</u>	<u>2,680,164,911</u>
Net position - end of year	<u>\$ 42,770,003</u>	<u>\$1,003,048,198</u>	<u>\$ 1,663,692,469</u>	<u>\$ 104,284,754</u>	<u>\$ 2,813,795,424</u>

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(for the fiscal year ended June 30, 2023)

	<u>Restricted</u>			<u>Net Investment in Capital Assets</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Expendable</u>	<u>Nonexpendable</u>		
Operating revenues					
Contributions, net	\$ 3,492	\$ 104,427,198	\$ -	\$ -	\$ 104,430,690
Support from the University of Florida	16,693,045	-	-	-	16,693,045
Investment return, net	2,738,663	85,966,011	(125,320)	-	88,579,354
Alumni program support	1,687,302	(438,493)	-	-	1,248,809
License plate revenues	1,450,156	966,771	-	-	2,416,927
Other revenues, gains and losses	5,891,761	3,294,808	-	-	9,186,569
Total operating revenues, net	<u>28,464,419</u>	<u>194,216,295</u>	<u>(125,320)</u>	<u>-</u>	<u>222,555,394</u>
Operating expenses					
Program services					
General college support	1,566,306	94,466,229	-	29,159	96,061,694
Student financial aid	-	31,266,111	-	-	31,266,111
Faculty and staff support	-	29,834,588	-	-	29,834,588
Research	-	19,167,815	-	-	19,167,815
Facilities	-	16,366,357	-	48,335	16,414,692
Other	-	9,376,382	-	12,620	9,389,002
Total program services	<u>1,566,306</u>	<u>200,477,482</u>	<u>-</u>	<u>90,114</u>	<u>202,133,902</u>
Supporting services					
Communications and marketing	6,010,005	-	-	-	6,010,005
Alumni relations	6,050,798	-	-	-	6,050,798
Development	26,400,990	-	-	-	26,400,990
Operations	12,578,893	-	-	4,259,865	16,838,758
Talent management	2,977,708	-	-	-	2,977,708
Total supporting services	<u>54,018,394</u>	<u>-</u>	<u>-</u>	<u>4,259,865</u>	<u>58,278,259</u>
Total operating expenses	<u>55,584,700</u>	<u>200,477,482</u>	<u>-</u>	<u>4,349,979</u>	<u>260,412,161</u>
Operating income (loss)	<u>(27,120,281)</u>	<u>(6,261,187)</u>	<u>(125,320)</u>	<u>(4,349,979)</u>	<u>(37,856,767)</u>
Nonoperating revenues					
Change in value of split-interest agreements	-	103,227	-	-	103,227
Total nonoperating revenues	<u>-</u>	<u>103,227</u>	<u>-</u>	<u>-</u>	<u>103,227</u>
Income (loss) before changes in nonexpendable	<u>(27,120,281)</u>	<u>(6,157,960)</u>	<u>(125,320)</u>	<u>(4,349,979)</u>	<u>(37,753,540)</u>
Changes in nonexpendable					
Endowment contributions	-	-	74,804,070	160,000	74,964,070
Alumni endowment life memberships	-	-	328,678	-	328,678
Other revenues, gains and losses	-	-	693,295	-	693,295
Split-interest agreement terminations	-	-	263,948	-	263,948
Total changes in nonexpendable	<u>-</u>	<u>-</u>	<u>76,089,991</u>	<u>160,000</u>	<u>76,249,991</u>
Transfers					
Net transfers in (out)	(4,069,682)	1,400,000	2,669,682	-	-
Internal fees in (out)	34,122,790	(34,122,790)	-	-	-
Capital asset adjustments in (out)	(4,461,584)	(170,916)	-	4,632,500	-
Total transfers	<u>25,591,524</u>	<u>(32,893,706)</u>	<u>2,669,682</u>	<u>4,632,500</u>	<u>-</u>
Change in net position	<u>(1,528,757)</u>	<u>(39,051,666)</u>	<u>78,634,353</u>	<u>442,521</u>	<u>38,496,451</u>
Net position - beginning of year	<u>40,816,468</u>	<u>959,050,611</u>	<u>1,535,473,719</u>	<u>106,327,662</u>	<u>2,641,668,460</u>
Net position - end of year	<u>\$ 39,287,711</u>	<u>\$ 919,998,945</u>	<u>\$ 1,614,108,072</u>	<u>\$ 106,770,183</u>	<u>\$ 2,680,164,911</u>



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the University of Florida Foundation, Inc. (the Foundation), a discretely presented component unit of the University of Florida, as of and for the year ended June 30, 2024, 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 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

BDO USA, P.C.

October 30, 2024

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AUDIT COMMITTEE

(AS OF JUNE 30, 2024)

Cindy Pekrul
Chair

Taylor Jantz
UF Chief Financial Officer

Rebecca Brock
UF Alumni Association Representative

Bill Alcorn

Brad Bondi

Ron Edwards

Patrick Gramling

Steve Hagenbuckle

Lara Long

Jocelyn Moore

Steve Nouss

Alison Rand

Mike Seelig

**PRINCIPAL FINANCE AND
ACCOUNTING OFFICIALS**

(AS OF JUNE 30, 2024)

Mike Johnson
Assistant Vice President & CFO

Michelle Cummings
Controller

J.A. Lopez
Associate Controller

Angela Karamitsos
Associate Controller

Arriel Raghoo
Assistant Controller





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