NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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 significant accounting policies of the University of Florida Foundation, Inc. (the Foundation), which affect the significant elements of the accompanying basic financial statements.

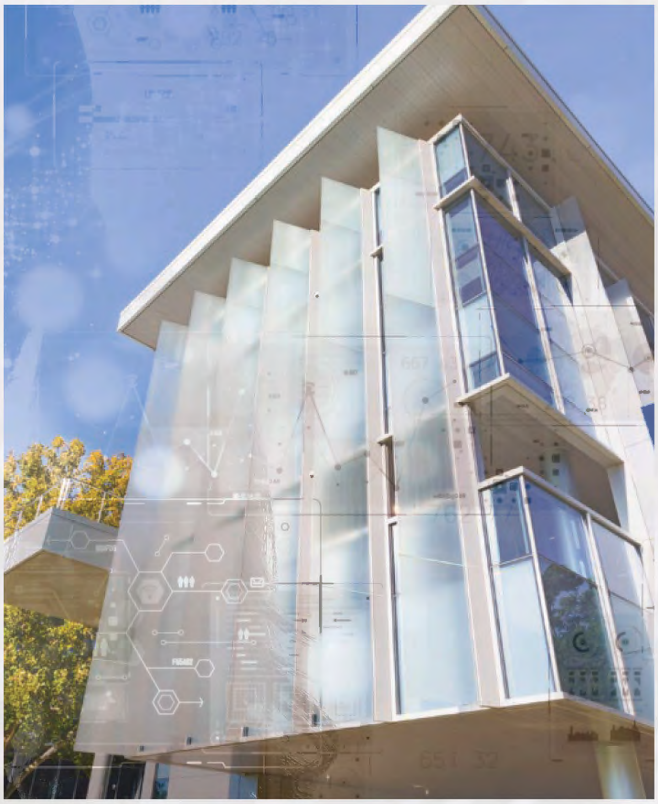
Reporting entity: The Foundation is a nonprofit entity established to solicit and manage funds for the benefit of the University of Florida (the University), a state university, as provided for in Section 1004.28 of the Florida Statutes and Board of Regents Rule 6C-9.011. The Foundation functions as a direct support organization of the University and is reported as a discrete component unit of the University in its financial statements. The enterprise fund financial statements of the Foundation include the accounts of its blended component unit, the University of Florida Alumni Association, Inc. The fiduciary activities of the Foundation are reported in a pension trust fund and a custodial fund. 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.

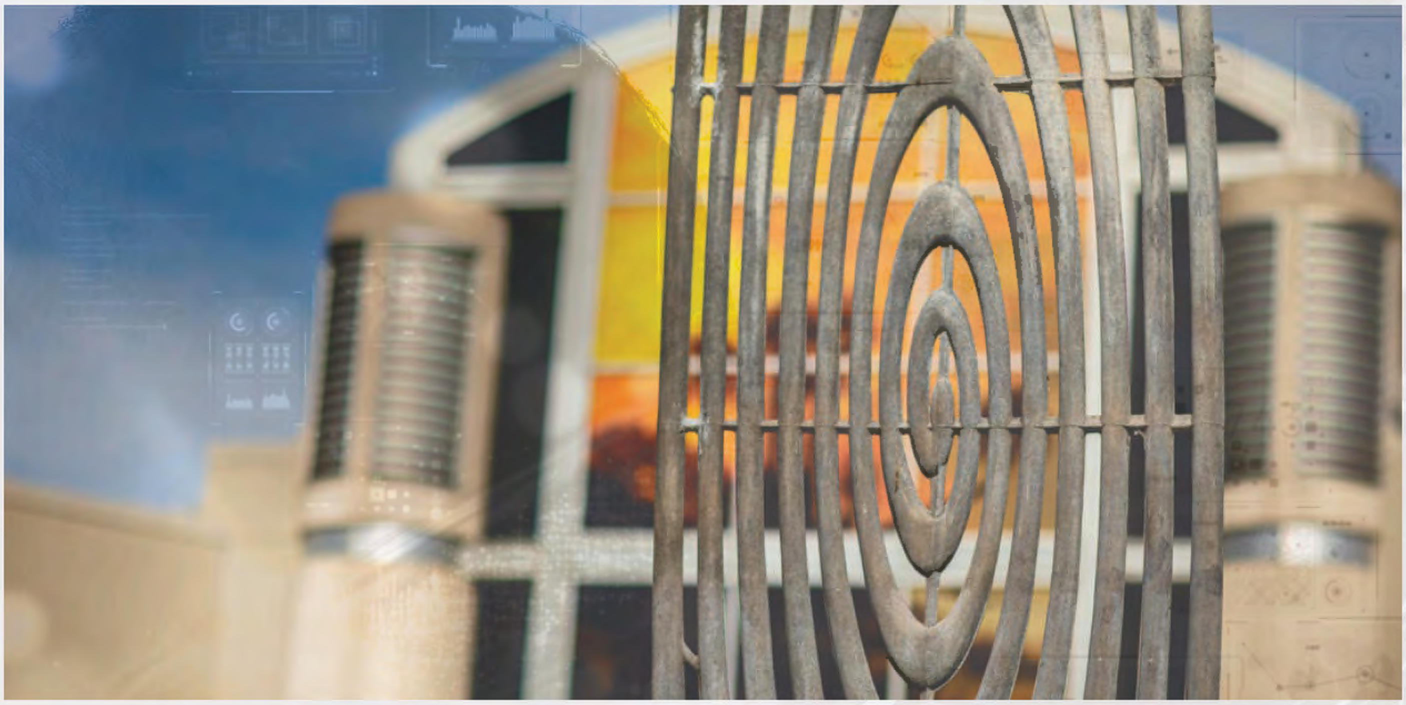
Basis of accounting: The financial statements of the Foundation, as well as fiduciary funds, have been prepared using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position presents 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 the employee defined benefit pension plan and funds held on behalf of other University related entities. Fiduciary funds are not reflected in the Foundation's enterprise fund 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 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.

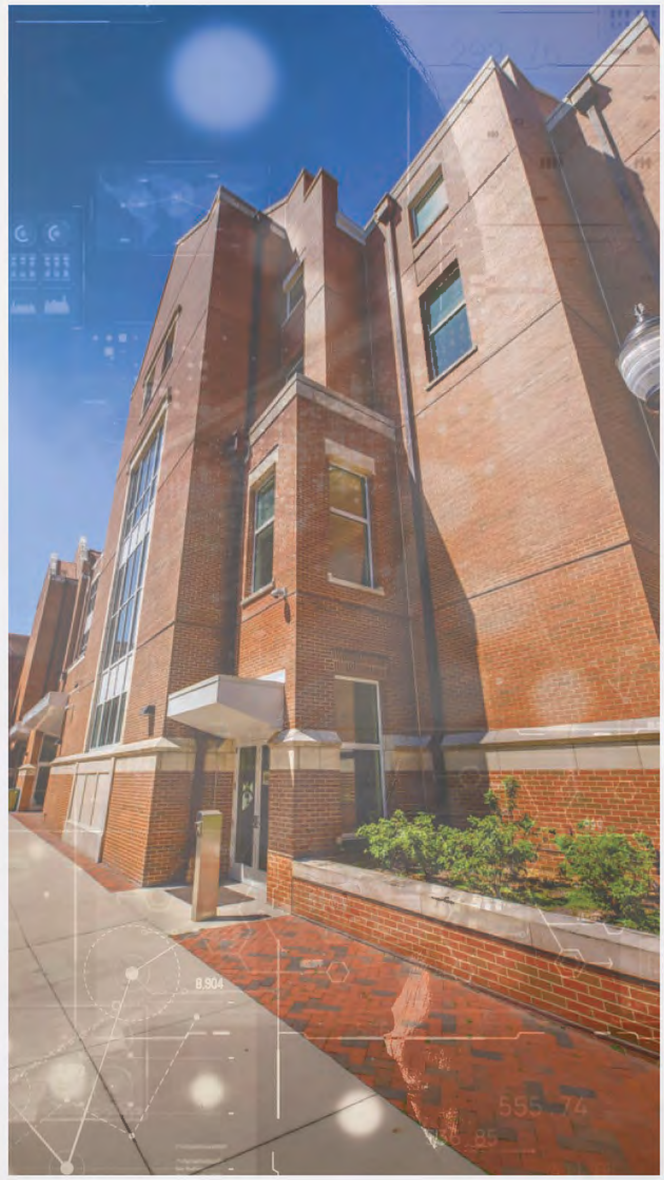
Operating and nonoperating activities: Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Operating revenues also include 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 acquisition 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, deferred outflows of resources, 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, the pension benefits obligation, 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 net realizable value discounted to present value based on 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 estimated acquisition value 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 or amortized 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. 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.

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, 2021 and 2020.

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 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.

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, 2021 and 2020, the Foundation held assets in excel of the minimum required by state law.

Fiduciary funds: The Foundation has two fiduciary funds. They are:

- **Pension Trust Funds:** accounts for the activities of the Foundation employee defined benefit pension plan.
- **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 of the University: A portion of certain fundraisers' salaries and expenses is paid either directly to the fundraisers by the colleges which they represent or it is reimbursed to the Foundation by the colleges. These amounts which totaled $13,103,704 and $13,131,776 for the fiscal years ended June 30, 2021 and 2020, respectively, are included in unrestricted operating revenues as support from the University and in supporting services as development expenses. At June 30, 2021 and 2020, $1,128,725 and $736,041 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 one each employee's unpaid (unused) leave balance. The Foundation accrues accumulated unpaid annual vacation leave (up to 200 hours), and it is included in the accompanying Statements of Net Position. Vacation pay is expensed when earned by the employee up to the maximum payout. Sick leave payments are expensed when used as sick leave and is not eligible for payout.

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.

The Foundation maintains a legacy defined benefit plan for former Foundation employees. There are no active participants in the plan. For details of the plan, see Note 12 of the accompanying notes to the 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, 2021 and 2020, the Foundation had current income tax (benefit)expense of $(35,391) and $48,769, 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, 2018 through June 30, 2021.

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.

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

Management is currently evaluating the impact of this unadopted standard on the Foundation's financial statements and does not believe such impact will be material to the Foundation's financial statements.

Note 2. Reporting Changes

The Foundation adopted GASB Statement No. 84, *Fiduciary Activities*, for fiscal year 2021. Amounts for fiscal years ended June 30, 2020 and 2019 have been restated to comply with this standard. Certain custodial assets and liabilities relating to net assets held on behalf of University related entities were restated to reflect the reporting of fiduciary activities on the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. There were restatements to the Statement of Cash Flows resulting from the restatement of custodial cash balances. In addition, the Foundation's defined benefit plan net assets were not presented in prior year financials and are now included in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position to comply with this standard.

In accordance with the provisions of GASB Statement No. 84, net position was restated to reflect the balances of funds held on behalf of behalf of other organizations which are now required to be reported in a custodial fund. Balances previously reported in the Foundation's June 30, 2019 financial statements have been restated as shown below.

The Foundation also early-implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

No amounts were restated for prior periods, as no prior period arrangements met the criteria of the statement.

NOTE 2. REPORTING CHANGES: RESTATEMENTS

	Enterprise Fund		Custodial Funds		
	Assets	Liabilities	Assets	Liabilities	Net Position
Balance at June 30, 2019, as previoulsy reported	$ 2,103,290,237	$ 91,082,161	$ -	$ -	$ -
Adjustment due to the implementation of GASB Statement No. 84	(40,081,418)	(40,081,418)	40,081,418	121,259	39,960,159
Balance at July 1, 2019, as previoulsy reported	$ 2,063,208,819	$ 51,000,743	$ 40,081,418	$ 121,259	$ 39,960,159

Note 3. Cash and Cash Equivalents

The amounts reported by the Foundation as cash and cash equivalents consist 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, 2021 and 2020 are as follows:

NOTE 3. CASH AND CASH EQUIVALENTS

	2021	2020
Cash in bank demand accounts	$ 17,049,183	$ 17,043,123
Money market funds	1,064,305	55,988
Cash held at the University of Florida	1,061,706	3,206,017
Cash on hand	1,812	1,812
Total cash and cash equivalents	$ 19,177,006	$ 20,306,940
Cash in bank demand accounts for fiduciary custodial funds	$ 4,071,578	$ 3,920,890

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, 2021 and 2020, $1,064,305 and $55,998, 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, 2021 and 2020, 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 has temporarily suspended funding for this program and did not appropriate any funds; therefore, no receivable has been recorded in the accompanying financial statements.

Note 5. Pledges Receivable

Pledges receivable and the unrelated allowance for potentially uncollectible amounts at June 30, 2021 and 2020, are summarized as follows:

NOTE 5. PLEDGES RECEIVABLE

	2021	2020
Due in less than one year	$ 18,963,999	$ 21,623,291
Due in one to five years	45,434,964	38,437,230
Due after five years	9,482,601	12,926,395
	73,881,564	72,986,916
Less:		
Allowance for doubtful amounts	(6,870,985)	(6,611,398)
Unamortized discounts	(4,597,429)	(5,804,322)
Total pledges receivable, net	$ 62,413,150	$ 60,571,196
Current pledges receivable, net	$ 17,200,347	$ 19,569,078
Noncurrent pledges receivable, net	45,212,803	41,002,118
Total pledges receivable, net	$ 62,413,150	$ 60,571,196
Pledges held in fiduciary custodial funds:		
Due in less than one year	$ 6,730,894	$ 4,383,047
Due in one to five years	22,152,608	24,313,678
Due after five years	5,483,435	7,992,462
	34,366,937	36,689,187
Less:		
Allowance for doubtful amounts	(2,221,125)	(3,807,832)
Unamortized discounts	(2,931,018)	(3,485,473)
Total pledges receivable, net	$ 29,214,794	$ 29,395,882
Current pledges receivable, net	$ 6,104,920	$ 3,966,658
Noncurrent pledges receivable, net	23,109,874	25,429,224
Total pledges receivable, net	$ 29,214,794	$ 29,395,882

Noncurrent pledges receivable are net of discounts amounting to $4,597,429 and $5,804,322 at June 30, 2021 and 2020, respectively. For fiduciary custodial funds, noncurrent pledges receivable are net of discounts amounting to $2,931,018 and $3,485,473 at June 30, 2021 and 2020, 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% risk premium. Discount rates used ranged from 1.20% to 4.00%.

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 0.15% and 0.18% for the years ended June 30, 2021 and 2020, respectively. Management fees expenses during the fiscal years ended June 30, 2021 and 2020, under this agreement totaled $3,362,846 and $3,319,119, 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 credit risk, interest rate risk and foreign currency risk that the Foundation may be exposed to as outlined below.

Investments at June 30, 2021 and 2020, are summarized as follows:

NOTE 7. INVESTMENTS

					Fiduciary Funds		
	Endowments	Split-interest Agreements	Other	Total	Pension Trust Funds	Custodial Funds	Total
JUNE 30, 2021							
Government issues – domestic	$ -	$ 380,072	$ -	$ 380,072	$ -	$ 7,993	$ 7,993
Equities	-	-	1,141,934	1,141,934	-	-	-
Short-term investments	52,779	1,455,193	35,285	1,543,257	343,576	7,592	351,168
Mutual funds – equities	-	44,273,614	-	44,273,614	16,709,703	198,053	16,907,756
Mutual funds – fixed income	-	19,941,701	-	19,941,701	21,752,717	133,974	21,886,691
Private equity investments	2,292,015	-	-	2,292,015	-	-	-
Private equity investments – UFICO limited partnerships[1]	2,380,993,078	-	-	2,380,993,078	-	3,506,094	3,506,094
Total investments	$ 2,383,337,872	$ 66,050,580	$ 1,177,219	$ 2,450,565,671	$ 38,805,996	$ 3,853,706	$ 42,659,702
JUNE 30, 2020							
Government issues – domestic	$ -	$ 312,855	$ -	$ 312,855	$ -	$ 8,872	$ 8,872
Equities	2,905	-	724,176	727,081	-	-	-
Short-term investments	22,055	1,935,232	41,529	1,998,816	187,019	5,258	192,277
Mutual funds – equities	-	38,032,640	-	38,032,640	18,519,872	172,359	18,692,231
Mutual funds – fixed income	-	18,019,493	-	18,019,493	11,646,289	117,284	11,763,573
Private equity investments	2,292,015	-	-	2,292,015	-	-	-
Private equity investments – UFICO limited partnerships[1]	1,847,199,914	-	90,839	1,847,290,753	-	2,483,563	2,483,563
Total investments	$ 1,849,516,889	$ 58,300,220	$ 856,544	$ 1,908,673,653	$ 30,353,180	$ 2,787,336	$ 33,140,516

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

NOTE 7. INVESTMENTS: CREDIT RISK

	Quality Rating		2021 Fair Value		2020 Fair Value
Mutual funds – fixed income	AAA	$	6,261,036	$	5,730,267
Mutual funds – fixed income	AA		136,253		8,035,687
Mutual funds – fixed income	A		8,695,904		-
Mutual funds – fixed income	BBB		3,435,748		3,015,522
Mutual funds – fixed income	BB		1,412,760		1,237,917
Money market funds	AAA		1,543,257		1,998,816
Total		$	21,484,958	$	20,018,309
Fiduciary pension trust funds					
Mutual funds – fixed income	AAA	$	7,256,645	$	4,671,649
Mutual funds – fixed income	AA		493,006		320,043
Mutual funds – fixed income	A		2,520,538		1,619,273
Mutual funds – fixed income	BBB		7,846,788		3,280,299
Mutual funds – fixed income	less than BBB		3,591,078		1,715,645
Mutual funds – fixed income	Unrated		44,662		39,380
Money market funds	AAA		343,576		187,019
Total		$	22,096,293	$	11,833,308
Fiduciary custodial funds					
Mutual funds – fixed income	AAA	$	26,206	$	21,692
Mutual funds – fixed income	AA		-		67,578
Mutual funds – fixed income	A		75,981		-
Mutual funds – fixed income	BBB		23,161		20,347
Mutual funds – fixed income	BB		8,626		7,667
Money market funds	AAA		7,592		5,258
Total		$	141,566	$	122,542

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 Sates 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 investments as of June 30, 2021 and 2020, 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, 2021 and 2020, is displayed on the following page.

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. As of June 30, 2021 and 2020,

NOTE 7. INVESTMENTS: INTEREST RATE RISK

	Average Duration	2021 Fair Value	2020 Fair Value
Government issues – domestic	Less than one year	$ 39,141	$ -
Government issues – domestic	One to five years	308,072	312,855
Government issues – domestic	Six to ten years	32,859	-
Mutual funds – fixed income	One to five years	4,848,508	1,237,918
Mutual funds – fixed income	Six to ten years	15,093,193	16,781,575
Total		$ 20,321,773	$ 18,332,348
Fiduciary pension trust funds			
Mutual funds – fixed income	Less than one year	$ 38,644	$ 43,023
Mutual funds – fixed income	One to five years	3,425,925	3,030,578
Mutual funds – fixed income	Six to ten years	2,947,896	1,967,145
Mutual funds – fixed income	Greater than ten years	15,340,252	6,605,543
Total		$ 21,752,717	$ 11,646,289
Fiduciary custodial funds			
Government issues – domestic	Less than one year	$ 1,113	$ -
Government issues – domestic	One to five years	6,880	8,872
Mutual funds – fixed income	One to five years	31,787	7,667
Mutual funds – fixed income	Six to ten years	102,187	109,617
Total		$ 141,967	$ 126,156

the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2021 and 2020, the Foundation's assets were held in U.S. currency; the currency risk on international and global assets is absorbed by the underlying investment managers. 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, 2021 and 2020.

Corporate stocks 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.

Short-term investments: The fair value of these short-term investments is classified as Level 2, valued using observable inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Corporate bonds and 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 these private equity investments is determined using net asset value as a practical expedient for fair value. The private equity investments in the UFICO limited partnerships 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, 2021 and 2020, by the GASB Statement No. 72 hierarchy (as described previously).

NOTE 7. INVESTMENTS: FAIR VALUE

JUNE 30, 2021		Fair Value Measurements Using		
Investments by Fair Value Level	Total	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	$ 1,543,257	$ -	$ 1,543,257	$ -
Bonds and notes:				
Government issues - domestic	380,072	-	380,072	-
Equities	1,141,933	1,141,933	-	-
Mutual funds:				
Equities	44,273,614	44,273,614	-	-
Fixed income	19,941,702	19,941,702	-	-
Private equity	2,292,015	-	-	2,292,015
Total investments by fair value level	69,572,593	$ 65,357,249	$ 1,923,329	$ 2,292,015
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships(1)	2,380,993,078			
Total investments	$ 2,450,565,671			
Fiduciary pension trust funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	$ 343,576	$ -	$ 343,576	$ -
Mutual funds:				
Equities	16,709,703	16,709,703	-	-
Fixed income	21,752,717	21,752,717	-	-
Total investments, fiduciary pension trust funds	$ 38,805,996	$ 38,462,420	$ 343,576	$ -
Fiduciary custodial funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	$ 7,592	$ -	$ 7,592	$ -
Bonds and notes:				
Government issues - domestic	7,993	-	7,993	-
Mutual funds:				
Equities	198,053	198,053	-	-
Fixed income	133,974	133,974	-	-
Total investments by fair value level	347,612	$ 332,027	$ 15,585	$ -
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships(1)	3,506,094			
Total investments, fiduciary custodial funds	$ 3,853,706			

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

NOTE 7. INVESTMENTS: FAIR VALUE

JUNE 30, 2020		Fair Value Measurements Using		
Investments by Fair Value Level	Total	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	$ 1,998,816	$ -	$ 1,998,816	$ -
Bonds and notes:				
Government issues - domestic	312,855	-	312,855	-
Equities	727,081	727,081	-	-
Mutual funds:				
Equities	38,032,640	38,032,640	-	-
Fixed income	18,019,493	18,019,493	-	-
Private equity	2,292,015	-	-	2,292,015
Total investments by fair value level	61,382,900	$ $56,779,214	$ 2,311,671	$ 2,292,015
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships(1)	1,847,290,753			
Total investments	$ 1,908,673,653			
Fiduciary pension trust funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	$ 187,019	$ -	$ 187,019	$ -
Mutual funds:				
Equities	18,519,872	18,519,872	-	-
Fixed income	11,646,289	11,646,289	-	-
Total investments, fiduciary pension trust funds	$ 30,353,180	$ 30,166,161	$ 187,019	$ -
Fiduciary custodial funds:				
Cash equivalents classified as short-term (current) investments:				
Money market funds	$ 5,258	$ -	$ 5,258	$ -
Bonds and notes:				
Government issues - domestic	8,872	-	8,872	-
Mutual funds:				
Equities	172,359	172,359	-	-
Fixed income	117,284	117,284	-	-
Total investments by fair value level	303,773	$ 289,643	$ 14,130	$ -
Investments measured at the net asset value (NAV):				
Private equity investments - UFICO limited partnerships(1)	2,483,563			
Total investments, fiduciary custodial funds	$ 2,787,336			

(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 NAV per share.

NOTE 7. INVESTMENTS: NET ASSET VALUE

Investments Measured at NAV		Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
JUNE 30, 2021						
Limited partnerships (UFICO):						
Florida Long-term Pool Fund, LP	$	2,384,499,172	$	291,788,687	Monthly	30 days
Investments measured at NAV that are not held in fiduciary custodial funds	$	2,380,993,078				
Investments measured at NAV that are held in fiduciary custodial funds	$	3,506,094				
JUNE 30, 2020						
Limited partnerships (UFICO):						
Florida Long-Term Pool Fund, LP	$	1,849,683,477	$	271,262,903	Monthly	30 days
Florida Short-Term Fund, LP-Fixed Income Series		90,839			Monthly	30 days
Total limited partnerships (UFICO)	$	1,849,774,316				
Investments measured at NAV that are not held in fiduciary custodial funds	$	1,847,290,753				
Investments measured at NAV that are held in fiduciary custodial funds	$	2,483,563				

Limited partnerships: As of June 30, 2021 and 2020, this category consists of investments in two limited partnerships managed by UFICO that invest in short-term investments, global equities, fixed income, hedge strategies and private equity. The June 30 valuations of the investments in limited partnerships are based upon the value determined by each partnership's general partner as of March 31, adjusted for 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 limited partnerships 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 the 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, 2021, 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, 2021 and 2020, the major categories of the limited partnerships are summarized as follows:

NOTE 7. INVESTMENTS: UFICO LIMITED PARTNERSHIPS

	2021	2020
Short-term investments	$ 190,069,338	$ 56,543,443
Global equities	953,934,021	735,699,080
Global fixed income	64,646,224	116,001,940
Hedge strategies	439,216,514	405,825,718
Private equity investments	736,633,075	535,704,135
Total	$ 2,384,499,172	$ 1,849,774,316
UFICO limited partnership Investments not held in fiduciary custodial funds	$ 2,380,993,078	$ 1,847,290,753
UFICO limited partnership Investments held in fiduciary custodial funds	3,506,094	2,483,563

Note 8. Endowments

The Foundation's endowment consists of 3,930 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 spendable transfers and administrative fees.

The annual rate for spendable transfers, distributed quarterly is 4.00% of the spending base of each endowment's principal fund. The principal fund's spending base is a percentage of the market value, and is adjusted quarterly, if necessary, to fall within a range of 85% to 95% of the market value of the endowment investments. In addition, the principal fund is assessed an annual 1.35% fee, charged quarterly. 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, 2021 and 2020:

NOTE 8. ENDOWMENTS

	2021	2020
Total endowment balance	$ 2,375,271,275	$ 1,844,027,357
Less term endowment	(1,084,188)	(934,963)
Less endowment capital assets, net	(2,950,381)	(2,848,470)
Less appreciation portion of restricted expendable	(893,000,750)	(415,600,422)
Restricted nonexpendable balance	$ 1,478,235,956	$ 1,424,643,502

	2021	2020
Endowment, beginning of year	$ 1,844,027,357	$ 1,817,826,793
Contributions and other revenues	53,744,513	64,189,066
Investment return, net	570,399,955	46,321,146
Appropriation of endowment assets for expenditure	(92,900,550)	(84,309,648)
Endowment, end of year	$ 2,375,271,275	$ 1,844,027,357

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, 2021 and 2020, are as follows:

NOTE 8. ENDOWMENTS: UNIVERSITY ENDOWMENT

	2021	2020
University of Florida permanent endowments	$ 2,374,187,087	$ 1,843,092,394
University of Florida term endowments	1,084,188	934,963
Permanent endowments held on behalf of University of Florida related entities (fiduciary custodial funds)	3,567,044	2,583,663
Total University endowment	$ 2,378,838,319	$ 1,846,611,020

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 $0 and $999,916 at June 30, 2021 and 2020, respectively.

Note 9. Real Estate Held for Sale

Contributions of real estate for sale are generally recorded at their acquisition value at the date of the gift as determined by appraisal. Real estate held of 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, 2021 and 2020.

NOTE 9. REAL ESTATE HELD FOR SALE

	2021	2020
Real estate held for sale, beginning of year	$ 6,530,454	$ 8,181,682
Donations	2,661,844	1,458,761
Purchases	-	31,750
Disposals	(3,676,475)	(2,284,289)
Impairments	(389,510)	(857,450)
Real estate held for sale, end of year	$ 5,126,313	$ 6,530,454
Real estate held for sale in fiduciary custodial funds	$ 63,000	$ 104,363

Note 10. Capital Assets

Capital assets activity for the fiscal years ended June 30, 2021 and 2020 is as follows:

NOTE 10. CAPITAL ASSETS

	June 30, 2020	Additions	Reductions	June 30, 2021
Property and equipment:				
Land held for use and land preserve	$ 58,999,873	$ 40,921,400	$ -	$ 99,921,273
Buildings held for use	8,183,660	-	-	8,183,660
Less accumulated depreciation	(5,637,056)	(235,320)	-	(5,872,376)
Net buildings held for use	2,546,604	(235,320)	-	2,311,284
Equipment, furniture and vehicles	5,168,193	1,151,044	(46,012)	6,273,225
Less accumulated depreciation	(4,033,804)	(907,710)	46,012	(4,895,502)
Net equipment, furniture and vehicles	1,134,389	243,334	-	1,377,723
Software subscriptions	-	2,298,162	-	2,298,162
Less accumulated amortization	-	(313,269)	-	(313,269)
Net software subscriptions	-	1,984,893	-	1,984,893
Other capital assets	95,002	-	-	95,002
Total capital assets, net	$ 62,775,868	$ 42,914,307	$ -	$ 105,690,175

	June 30, 2019	Additions	Reductions	June 30, 2020
Property and equipment:				
Land held for use and land preserve	$ 58,527,552	$ 472,321	$ -	$ 58,999,873
Buildings held for use	7,691,160	492,500	-	8,183,660
Less accumulated depreciation	(5,405,919)	(231,137)	-	(5,637,056)
Net buildings held for use	2,285,241	261,363	-	2,546,604
Equipment, furniture and vehicles	4,947,352	694,846	(474,005)	5,168,193
Less accumulated depreciation	(3,721,651)	(765,099)	452,946	(4,033,804)
Net equipment, furniture and vehicles	1,225,701	(70,253)	(21,059)	1,134,389
Other capital assets	95,002	-	-	95,002
Total capital assets, net	$ 62,133,496	$ 663,431	$ (21,059)	$ 62,775,868

Depreciation and amortization expense were charged to the following operating expense functions for the fiscal year ended June 30, 2021 and 2020.

NOTE 10. CAPITAL ASSETS: DEPRECIATION AND AMORTIZATION EXPENSE

	2021	2020
Program services	$ 85,480	$ 72,980
Supporting services	1,370,819	923,256
Total	$ 1,456,299	$ 996,236

Note 11. Long-term Liabilities

A summary of changes in long-term liabilities for the fiscal years ended June 30, 2021 and 2020 is as follows:

NOTE 11. LONG-TERM LIABILITIES

	June 30, 2020	Additions	Reductions	June 30, 2021	Current Portion
Shands Teaching Hospital and Clinics, Inc. parking garage	$ 400,000	$ -	$ (100,000)	$ 300,000	$ 100,000
College of the Arts warehouse	498,589	-	(19,593)	478,996	25,967
Software subscriptions	-	1,773,873	(610,300)	1,163,573	572,484
Total capital related liabilities	898,589	1,773,873	(729,893)	1,942,569	698,451
Split-interest agreements:					
Annuity liabilities	9,402,258	167,270	(634,168)	8,935,360	1,003,668
Trust liabilities	34,936,817	4,891,580	(3,933,173)	35,895,224	2,956,597
Other noncurrent liabilities	3,537,128	583,829	(891,985)	3,228,972	-
Total other noncurrent liabilities	47,876,203	5,642,679	(5,459,326)	48,059,556	3,960,265
Total noncurrent liabilities	$ 48,774,792	$ 7,416,552	$ (6,189,219)	$ 50,002,125	$ 4,658,716
Annuity liabilities held in fiduciary custodial funds	$ 233,236	$ -	$ (10,166)	$ 223,070	$ 21,701
	June 30, 2019	**Additions**	**Reductions**	**June 30, 2020**	**Current Portion**
Shands Teaching Hospital and Clinics, Inc. parking garage	$ 500,000	$ -	$ (100,000)	$ 400,000	$ 100,000
College of the Arts warehouse	516,100	-	(17,511)	498,589	19,593
University retreat center	1,000,000	-	(1,000,000)	-	-
Total capital related liabilities	2,016,100	-	(1,117,511)	898,589	119,593
Split-interest agreements:					
Annuity liabilities	7,893,226	2,119,277	(610,245)	9,402,258	1,046,683
Trust liabilities	36,937,047	863,065	(2,863,295)	34,936,817	2,650,626
Other noncurrent liabilities	3,182,427	708,882	(354,181)	3,537,128	-
Total other noncurrent liabilities	48,012,700	3,691,224	(3,827,721)	47,876,203	3,697,309
Total noncurrent liabilities	$ 50,028,800	$ 3,691,224	$ (4,945,232)	$ 48,774,792	$ 3,816,902
Annuity liabilities held in fiduciary custodial funds	$ 91,159	$ 142,077	$ -	$ 233,236	$ 21,701

Shands Teaching Hospital and Clinics, Inc. parking garage: On June 30, 1994, the Foundation entered into a $3,000,000 30-year note, maturing September 1, 2023, to assume the financial obligation for the Shands parking garage facility. The note is payable to Shands in annual installments of $100,000. The note is non-interest bearing but interest is imputed at a rate of 3.75% for the fiscal years ended June 30, 2021 and 2020. The note is collateralized by an asset with a carrying value of $300,000.

College of the Arts warehouse: 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 $3,200 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 $488,333.

Software subscriptions: On January 28, 2021, the Foundation entered into a $1,830,900, three-year software subscription agreement. The agreement is payable in three annual installments of $610,300. The liability 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 was 3.25%, the most-recent U.S. Prime Rate. The related software subscription asset has a carrying value of $1,984,893 and includes other costs capitalized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Interest expense: Total interest expense for the fiscal years ended June 30, 2021 and 2020, respectively, was $39,852 and $52,337. 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, 2021, are as follows:

NOTE 11. LONG-TERM LIABILITIES: DEBT SERVICE REQUIREMENTS

Year Ending June 30,	Principal	Interest	Total
2022	$ 125,967	$ 28,033	$ 154,000
2023	127,568	26,432	154,000
2024	129,268	24,732	154,000
2025	31,074	22,926	54,000
2026	32,990	21,010	54,000
2027-2031	198,102	71,898	270,000
2032-2034	134,027	11,461	145,489
Total	$ 778,996	$ 206,492	$ 985,488

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

NOTE 11. LONG-TERM LIABILITIES: SOFTWARE SUBSCRIPTION

Year Ending June 30,	Principal	Interest	Total
2022	$ 572,484	$ 37,816	$ 610,300
2023	591,089	19,211	610,300
Total	$ 1,163,573	$ 57,027	$ 1,220,600

Note 12. Retirement Plans

GENERAL INFORMATION ABOUT THE UNIVERSITY OF FLORIDA FOUNDATION PENSION PLAN

Plan description: The Foundation has a noncontributory, defined benefit pension plan (the Plan) that covered all Foundation employees before all remaining employees were converted to University employees prior to December 31, 2017.

Benefits provided: The Plan provides for deferred benefits and covered participants with more than five years of service as a Foundation employee and a minimum age of 21 years. Benefits are based on years of service and the employee's final average compensation as defined under the Plan.

Employees covered by benefit terms: At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

NOTE 12. RETIREMENT PLANS: COVERED EMPLOYEES

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	88	85
Inactive employees entitled to but not yet receiving benefits	84	89
Active employees	-	-
Total	172	174

As of June 30, 2018, there were no employees covered by the Plan. Currently, all personnel are University employees who participate in the University's retirement plans.

Contributions: The Plan is noncontributory for employees. The Foundation makes annual contributions to the Plan in compliance with legal funding requirements as determined by the Plan's actuary, Arthur J. Gallagher & Co.

NET PENSION ASSET

The Plan's net pension asset was measured as of June 30, 2021 and 2020 by comparing the Plan's fiduciary net position to the total pension liability. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2020 and July 1, 2019 for the fiscal years ended June 30, 2021 and 2020, respectively.

Actuarial assumptions: The total pension liability in the July 1, 2020, and 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 12. RETIREMENT PLANS: ASSUMPTIONS

Inflation	3%
Salary increases	N/A
Investment rate of return	7%

Mortality rates were based on the Pri-2012 mortality tables fully projected with scale MP-2020 and the RP-2014 mortality tables fully projected with scale MP-2019 for the actuarial valuations as of July 1, 2020, and 2019, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class applicable to the actuarial valuations as of July 1, 2020 and 2019 are summarized in the following table:

NOTE 12. RETIREMENT PLANS: TARGET ALLOCATION

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00%	8.50%
Fixed income	39.00%	4.70%
Cash	1.00%	3.00%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.00% for the actuarial valuations as of July 1, 2020 and 2019. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments to inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

CHANGES IN THE NET PENSION ASSET

NOTE 12. RETIREMENT PLANS: CHANGES IN NET PENSION

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
BALANCES AT JUNE 30, 2020	$ 23,032,516	$ 30,593,190	$ (7,560,674)
Changes for the year:			
Interest	1,570,496	-	1,570,496
Differences between expected and actual experience	1,011,157	-	1,011,157
Changes of assumptions	67,364	-	67,364
Contributions - employer	-	1,750,000	(1,750,000)
Net investment income	-	7,854,297	(7,854,297)
Benefit payments, including refunds of member contributions	(1,193,721)	(1,193,721)	-
Administrative expense	-	(47,769)	47,769
Net changes	1,455,296	8,362,807	(6,907,511)
Balances at June 30, 2021	$ 24,487,812	$ 38,955,997	$ (14,468,185)
BALANCES AT JUNE 30, 2019	$ 22,806,748	$ 28,576,813	$ (5,770,065)
Changes for the year:			
Interest	1,553,696	-	1,553,696
Differences between expected and actual experience	21,583	-	21,583
Changes of assumptions	(127,338)	-	(127,338)
Contributions - employer	-	1,350,000	(1,350,000)
Net investment income	-	2,025,607	(2,025,607)
Benefit payments, including refunds of member contributions	(1,222,173)	(1,222,173)	-
Administrative expense	-	(137,057)	137,057
Net changes	225,768	2,016,377	(1,790,609)
Balances at June 30, 2020	$ 23,032,516	$ 30,593,190	$ (7,560,674)

Sensitivity of the net pension asset to changes in the discount rate: The following tables present the net pension asset of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension asset would be it is were calculated using a discount rate that is 1-percentage point higher (8.00%) or 1-percentage point lower (6.00%) than the current rate, as of June 30, 2021 and 2020:

NOTE 12. RETIREMENT PLANS: SENSITIVITY TO CHANGES IN DISCOUNT RATE

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
JUNE 30, 2021			
Net pension asset	$ (11,393,018)	$ (14,468,185)	$ (17,006,292)
JUNE 30, 2020			
Net pension asset	$ (4,523,575)	$ (7,560,674)	$ (10,050,561)

PENSION EXPENSE AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the fiscal years ended June 30, 2021 and 2020, the Foundation recognized pension benefits of $888,308 and $438,061, respectively. At June 30, 2021 and 2020, the Foundation reported deferred inflows of resources as related to pensions from the following sources:

NOTE 12. RETIREMENT PLANS: DEFERRED INFLOWS

		Deferred Inflows of Resources
JUNE 30, 2021		
Net difference between projected and actual earnings on investments	$	(4,710,834)
JUNE 30, 2020		
Net difference between projected and actual earnings on investments	$	(434,631)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

NOTE 12. RETIREMENT PLANS: RECOGNITION OF DEFERRED INFLOWS

Year ended June 30:		Deferred Inflows of Resources
2022	$	(1,176,255)
2023		(1,251,479)
2024		(1,144,104)
2025		(1,138,996)
Total	$	(4,710,834)

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.

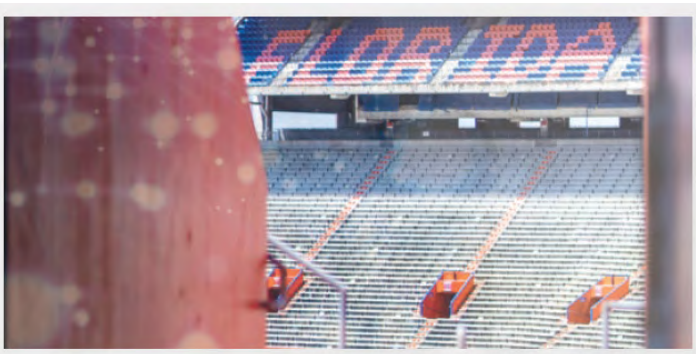
The University applies the guidance in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in accounting for the FRS and HIS. The University has determined that the Foundation is not a payor fund for the purpose of liquidating the pension and HIS liabilities, therefore, no net pension 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 covered 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.

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, 2021 and 2020, the Foundation assessed the following fees:

NOTE 13. ADMINISTRATIVE FEES

	2021	2020
Fees assessed on pooled investments	$ 23,776,211	$ 21,585,375
Gift fees associated with major gifts and eminent scholar program funds	375,509	247,739
Gift fees associated with all other funds	5,925,087	5,253,356
Real estate fees	25,398	39,100
Non-gift fees	30,169	37,271
Total fees	$ 30,132,374	$ 27,162,841

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 $300,000 is outstanding as of June 30, 2021. 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 through 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.

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 $1,407,256 and $1,655,596 for the fiscal years ended June 30, 2021 and 2020, 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 $46,919,331 and $33,911,546 as of June 30, 2021 and 2020, respectively, and is included in receivables and prepaid expenses in the accompanying Statements of Net Position.

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

Note 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, 2021 and 2020 is as follows:

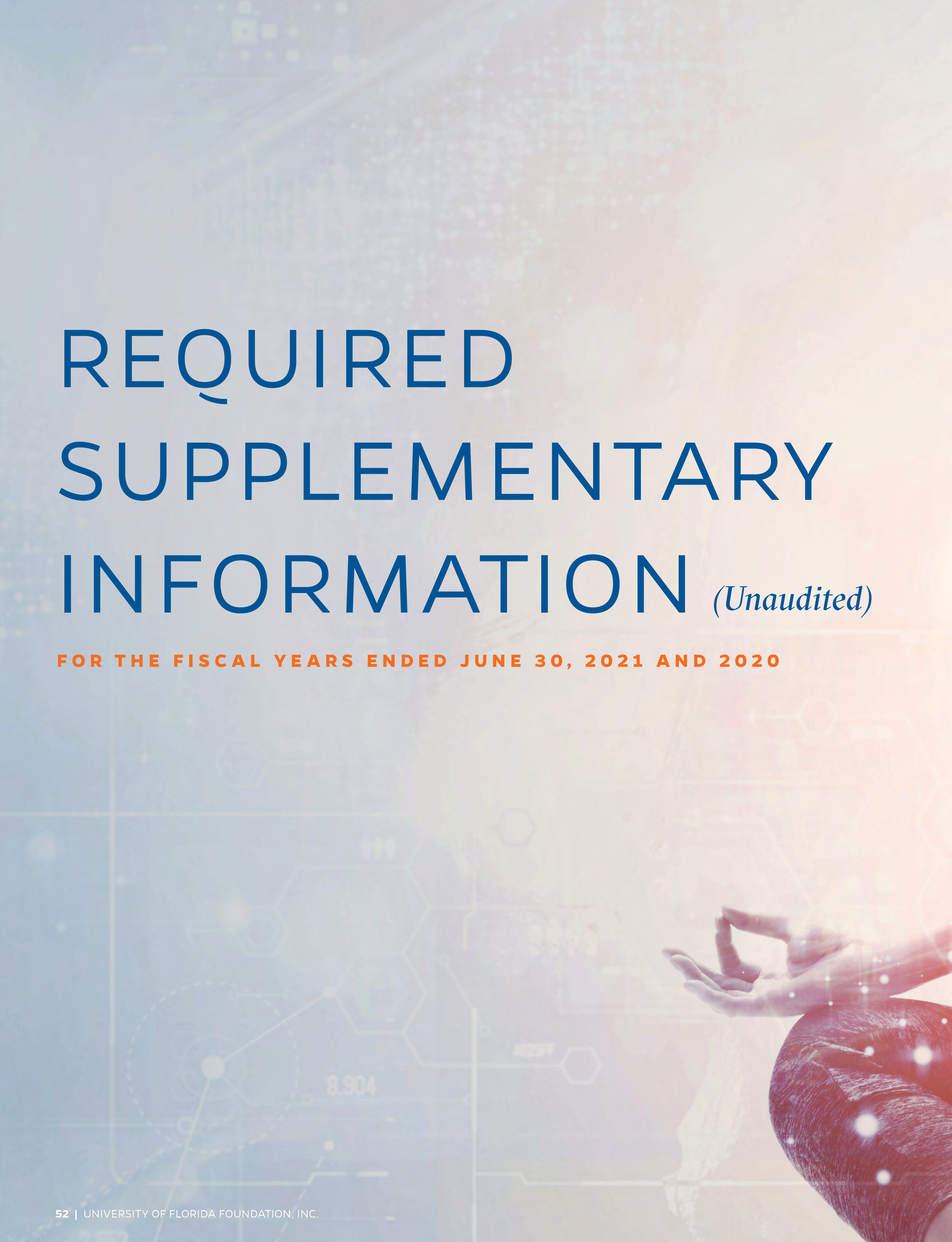
NOTE 17. BLENDED COMPONENT UNIT: CONDENSED STATEMENTS

Condensed Statements of Revenues, Expenses and Changes in Net Position	**2021**	**2020**
Operating revenues		
Alumni operating revenues	$ 1,945,813	$ 2,048,758
Support from the Foundation	210,713	1,001,001
Total operating revenues	2,156,526	3,049,759
Operating expenses		
Alumni operating expenses	2,156,526	3,049,759
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 UF Foundation engaged its actuary, Arthur J. Gallagher & Co. (AJG), to provide an analysis of strategies, and costs of those strategies, to exit the Foundation pension plan (see Note 12) and transfer the risk. On September 17, 2021, the Foundation's Board voted to exit the pension plan by offering one-time lump sum payouts to participants and transferring the remaining liability of the plan to an insurance company. The Foundation's management will work with AJG to execute the pension plan exit and risk transfer strategy over the coming months.



REQUIRED SUPPLEMENTARY INFORMATION *(Unaudited)*

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

SUPPLEMENTAL SCHEDULES OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

	2021	2020	2019
Total pension liability			
Interest	$ 1,570,496	$ 1,553,696	$ 1,640,829
Differences between expected and actual experience	1,011,157	21,583	(1,683,207)
Changes of assumptions	67,364	(127,338)	(65,696)
Benefit payments, including refunds of member contributions	(1,193,721)	(1,222,173)	(1,051,181)
Net change in total pension liability	1,455,296	225,768	(1,159,255)
Total pension liability - beginning	23,032,516	22,806,748	23,966,003
Total pension liability - ending (a)	$ 24,487,812	$ 23,032,516	$ 22,806,748
Plan fiduciary net position			
Contributions - employer	$ 1,750,000	$ 1,350,000	$ 1,300,000
Net investment income	7,854,297	2,025,607	2,367,391
Benefit payments, including refunds of member contributions	(1,193,721)	(1,222,173)	(1,051,181)
Administrative expense	(47,769)	(137,057)	(130,971)
Net change in plan fiduciary net position	8,362,807	2,016,377	2,485,239
Plan fiduciary net position - beginning	30,593,190	28,576,813	26,091,574
Plan fiduciary net position - ending (b)	$ 38,955,997	$ 30,593,190	$ 28,576,813
Net pension liability (asset) - ending (a) - (b)	$ (14,468,185)	$ (7,560,674)	$ (5,770,065)
Plan fiduciary net position as a percentage of the total pension liability	159.1%	132.8%	125.3%
Covered-employee payroll	$ -	$ -	$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

SUPPLEMENTAL SCHEDULES OF PENSION CONTRIBUTIONS

	2021	2020	2019
Actuarially determined contribution	$ -	$ 807,509	$ 795,418
Contributions in relation to the actuarially determined contribution	1,750,000	1,350,000	1,300,000
Contribution excess	$ (1,750,000)	$ (542,491)	$ (504,582)
Covered-employee payroll	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

SUPPLEMENTAL SCHEDULES OF PENSION TRUST FUND INVESTMENT RETURNS

	2021	2020	2019
Annual money-weighted rate of return, net of investment expenses	25.3%	6.6%	8.5%

SUPPLEMENTARY INFORMATION *(Unaudited)*

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(for the fiscal year ended June 30, 2021)

		Restricted			
	Unrestricted	Expendable	Nonexpendable	Net Investment in Capital Assets	Total
Operating revenues					
Contributions, net	$ 4,997	$ 162,806,838	$ -	$ 40,921,400	$ 203,733,235
Support from the University of Florida	23,720,530	-	-	-	23,720,530
Investment return, net	1,677	570,960,133	(40,704)	-	570,921,106
Alumni program support	1,424,431	(475,985)	-	-	948,446
License plate revenues	1,495,793	997,195	-	-	2,492,988
Other revenues, gains and losses	1,719,697	3,249,618	-	-	4,969,315
Total operating revenues	28,367,125	737,537,799	(40,704)	40,921,400	806,785,620
Operating expenses					
Program services					
General college support	2,143,283	64,155,292	-	29,158	66,327,733
Student financial aid	-	28,191,593	-	-	28,191,593
Faculty and staff support	-	25,603,705	-	-	25,603,705
Research	-	20,161,430	-	-	20,161,430
Facilities	-	69,177,214	-	48,335	69,225,549
Other	-	13,901,659	-	7,986	13,909,645
Total program services	2,143,283	221,190,893	-	85,479	223,419,655
Supporting services					
Communications and marketing	3,306,065	-	-	-	3,306,065
Alumni relations	4,185,939	-	-	-	4,185,939
Development	21,900,116	-	-	-	21,900,116
Operations	9,328,281	-	-	1,370,819	10,699,100
Talent management	3,425,233	-	-	-	3,425,233
Total supporting services	42,145,634	-	-	1,370,819	43,516,453
Total operating expenses	44,288,917	221,190,893	-	1,456,298	266,936,108
Operating (loss) income	(15,921,792)	516,346,906	(40,704)	39,465,102	539,849,512
Nonoperating revenues					
Change in value of split-interest agreements	-	813,843	-	-	813,843
Total nonoperating revenues	-	813,843	-	-	813,843
Income (loss) before changes in nonexpendable	(15,921,792)	517,160,749	(40,704)	39,465,102	540,663,355
Changes in nonexpendable					
Endowment contributions	-	-	50,581,164	-	50,581,164
Alumni endowment life memberships	-	-	430,515	-	430,515
Other revenues, gains and losses	-	-	64,557	-	64,557
Split-interest agreement terminations	-	-	812,989	-	812,989
Total changes in nonexpendable	-	-	51,889,225	-	51,889,225
Transfers					
Net transfers in (out)	(1,345,762)	(509,527)	1,855,289	-	-
Internal fees in (out)	29,303,040	(29,303,040)	-	-	-
Capital asset adjustments in (out)	3,054,866	(5,348,735)	(111,356)	2,405,225	-
Total transfers	31,012,144	(35,161,302)	1,743,933	2,405,225	-
Change in net position	15,090,352	481,999,447	53,592,454	41,870,327	592,552,580
Net position – beginning of year	26,466,944	533,441,984	1,424,643,502	61,877,279	2,046,429,709
Net position – end of year	$ 41,557,296	$ 1,015,441,431	$ 1,478,235,956	$ 103,747,606	$ 2,638,982,289

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(for the fiscal year ended June 30, 2020)

		Restricted			
	Unrestricted	**Expendable**	**Nonexpendable**	**Net Investment in Capital Assets**	**Total**
Operating revenues					
Contributions, net	$ 375,139	$ 113,621,217	$ -	$ 870,700	$ 114,867,056
Support from the University of Florida	26,637,372	-	-	-	26,637,372
Investment return, net	44,899	45,985,000	(463,178)	-	45,566,721
Alumni program support	1,408,111	(276,177)	-	-	1,131,934
License plate revenues	1,462,678	973,747	-	-	2,436,425
Other revenues, gains and losses	1,657,164	2,515,741	-	-	4,172,905
Total operating revenues	31,585,363	162,819,528	(463,178)	870,700	194,812,413
Operating expenses					
Program services					
General college support	1,177,930	50,572,977	-	16,660	51,767,567
Student financial aid	-	28,508,637	-	-	28,508,637
Faculty and staff support	-	21,733,637	-	-	21,733,637
Research	-	16,895,278	-	-	16,895,278
Facilities	-	29,307,736	-	48,335	29,356,071
Other	-	9,537,518	-	7,985	9,545,503
Total program services	1,177,930	156,555,783	-	72,980	157,806,693
Supporting services					
Communications and marketing	4,079,872	-	-	-	4,079,872
Alumni relations	4,881,298	-	-	-	4,881,298
Development	23,458,064	-	-	-	23,458,064
Operations	10,036,021	-	-	923,257	10,959,278
Talent management	2,024,098	-	-	-	2,024,098
Total supporting services	44,479,353	-	-	923,257	45,402,610
Total operating expenses	45,657,283	156,555,783	-	996,237	203,209,303
Operating (loss) income	(14,071,920)	6,263,745	(463,178)	(125,537)	(8,396,890)
Nonoperating revenues					
Change in value of split-interest agreements	-	737,322	-	-	737,322
Total nonoperating revenues	-	737,322	-	-	737,322
Income (loss) before changes in nonexpendable	(14,071,920)	7,001,067	(463,178)	(125,537)	(7,659,568)
Changes in nonexpendable					
Endowment contributions	-	-	55,308,383	-	55,308,383
Alumni endowment life memberships	-	-	467,579	-	467,579
Other revenues, gains and losses	-	-	5,293,394	-	5,293,394
Split-interest agreement terminations	-	-	384,295	-	384,295
Total changes in nonexpendable	-	-	61,453,651	-	61,453,651
Transfers					
Net transfers in (out)	(2,778,055)	1,007	2,777,048	-	-
Internal fees in (out)	26,024,594	(26,024,594)	-	-	-
Capital asset adjustments in (out)	(816,289)	(1,069,131)	-	1,885,420	-
Total transfers	22,430,250	(27,092,718)	2,777,048	1,885,420	-
Change in net position	8,358,330	(20,091,651)	63,767,521	1,759,883	53,794,083
Net position – beginning of year	18,108,614	553,533,635	1,360,875,981	60,117,396	1,992,635,626
Net position – end of year	$ 26,466,944	$ 533,441,984	$ 1,424,643,502	$ 61,827,279	$ 2,046,429,709

RSM US LLP

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*

Independent Auditor's Report

Board of Directors
University of Florida Foundation, Inc.

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 major fund and the aggregate remaining fund information of the University of Florida Foundation, Inc. (the Foundation), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2021. Our report included an emphasis of a matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

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 may exist that have not been identified.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

RSM US LLP

Jacksonville, Florida
September 29, 2021

AUDIT COMMITTEE

(as of June 30, 2021)

Ann O'Brien
Chair

Alison Rand
Vice-chair

Barbie Tilman
UF Alumni Association
Representative

Ron Edwards

Steve Hagenbuckle

Jocelyn Moore

Cindy Pekrul

PRINCIPAL FINANCE AND ACCOUNTING OFFICIALS

(as of June 30, 2021)

David Christie
Assistant
Vice President
& CFO

Mike Johnson
Controller

J.A. Lopez
Assistant Controller

Arriel Raghoo
Assistant Controller

Randy Settle
Assistant Controller

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