

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



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, 2022, 2021 and 2020 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 GASB Statement No. 84, *Fiduciary Activities*, the Foundation

includes the Statement of Fiduciary Net Position and the Statement of Revenues, Expenses and Changes in Fiduciary Net Position as it relates to its pension trust fund (Foundation retirement plan) and custodial funds (funds held on behalf of University entities).

Statement of Net Position

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Foundation and presents the financial position of the Foundation at a point in time. Assets and deferred outflows less liabilities and deferred inflows equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition. Net 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 legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted net investment in capital assets and are available to the Foundation for any legal use.

The Foundation's assets totaled \$2.7 billion as of June 30, 2022. This balance reflects a decrease of \$12.5 million, or 0.5% compared to June 30, 2021. Current assets increased \$33.6 million due to increases in cash and cash equivalents, receivables, current investments and current pledges receivable of \$0.9 million, \$20.6 million, \$0.8 million and \$11.4 million, respectively. Noncurrent investments decreased by \$118.3 million, driven by investment performance. Other noncurrent assets increased \$72.6 million, primarily due to increases in noncurrent notes receivable and noncurrent pledges receivable of \$1.8 million and \$81.7 million, respectively, offset by a decrease in the net pension asset of \$14.5 million.

The Foundation's assets totaled \$2.7 billion as of June 30, 2021. This balance reflects an increase of \$604.6 million, or 28.6% compared to June 30, 2020. Current assets increased \$7.9 million due to an increase in receivables of \$12.5 million, offset by a decrease in cash and cash equivalents, current investments and current pledges receivable of \$1.1 million, \$1.1 million and \$2.4 million, respectively. Noncurrent investments increased

by \$542.9 million, driven by investment performance, new trust assets and additional contributions to the endowment. Other noncurrent assets increased \$10.9 million, primarily due to increases in noncurrent pledges receivable, the cash surrender value of life insurance and the net pension asset of \$4.2 million, \$6.9 million and

\$0.9 million, respectively, offset by a decrease in real estate held for resale of and \$1.4 million.

The following table summarizes the Foundation's Statements of Net Position as of June 30, 2022 and the two preceding fiscal years:

CONDENSED STATEMENTS OF NET POSITION (in thousands)

| | | | 2022-2021 | | 2021-2020 | | |
|--|---------------------|---------------------|------------------------|-------------------|---------------------|------------------------|---------------|
| | 2022 | 2021 | Increase (Decrease) | Percent Change | 2020 | Increase (Decrease) | |
| Assets | | | | | | | |
| Current assets | \$ 118,661 | \$ 84,998 | \$ 30,955 | 36.42% | \$ 77,086 | \$ 7,912 | 10.26% |
| Noncurrent investments | 2,331,352 | 2,449,612 | (118,260) | -4.83% | 1,906,670 | 542,942 | 28.48% |
| Capital assets, net | 107,917 | 105,690 | 2,227 | 2.11% | 62,776 | 42,914 | 68.36% |
| Other noncurrent assets | 148,661 | 78,735 | 72,584 | 92.19% | 67,882 | 10,853 | 15.99% |
| Total assets | <u>2,706,541</u> | <u>2,719,035</u> | <u>(12,494)</u> | <u>-0.46%</u> | <u>2,114,414</u> | <u>604,621</u> | <u>28.60%</u> |
| Liabilities | | | | | | | |
| Current liabilities | 7,773 | 6,282 | 1,491 | 23.73% | 5,514 | 768 | 13.93% |
| Other noncurrent liabilities | 39,823 | 45,343 | (5,520) | -12.17% | 44,958 | 385 | 0.86% |
| Total liabilities | <u>47,596</u> | <u>51,625</u> | <u>(4,029)</u> | <u>-7.80%</u> | <u>50,472</u> | <u>1,153</u> | <u>2.28%</u> |
| Deferred inflows of resources | <u>17,277</u> | <u>28,427</u> | <u>(11,150)</u> | <u>-39.22%</u> | <u>17,512</u> | <u>10,915</u> | <u>62.33%</u> |
| Total liabilities and deferred inflows of resources | <u>64,873</u> | <u>80,053</u> | <u>(15,180)</u> | <u>-18.96%</u> | <u>67,984</u> | <u>12,069</u> | <u>17.75%</u> |
| Net position | | | | | | | |
| Net investment in capital assets | 106,328 | 103,748 | 2,580 | 2.49% | 61,877 | 41,871 | 67.67% |
| Restricted - expendable | 959,050 | 1,015,441 | (56,391) | -5.55% | 533,442 | 481,999 | 90.36% |
| Restricted - nonexpendable | 1,535,474 | 1,478,236 | 57,238 | 3.87% | 1,424,644 | 53,592 | 3.76% |
| Unrestricted | 40,816 | 41,557 | (741) | -1.78% | 26,467 | 15,090 | 57.01% |
| Total net position | <u>\$ 2,641,668</u> | <u>\$ 2,638,982</u> | <u>\$ 2,686</u> | <u>0.10%</u> | <u>\$ 2,046,430</u> | <u>\$ 592,552</u> | <u>28.96%</u> |

The Foundation's liabilities and deferred inflows of resources totaled \$64.9 million as of June 30, 2022. This balance reflects a decrease of \$15.2 million, or 19.0% compared to June 30, 2021. Current liabilities increased \$1.5 million primarily due to the increase in accounts payable and accrued expenses and software subscriptions of \$1.8 million and \$0.3 million, respectively, offset by decreases in other current liabilities and split-interest agreements of \$0.5 million and \$0.1 million, respectively. Other noncurrent liabilities decreased \$5.5 million, primarily due to a decrease in split-interest agreements of \$4.1 million. Deferred inflows decreased \$11.2 million due to decreases in split-interest agreements and pension liability, primarily due to investment performance and the termination of the pension plan.

The Foundation's liabilities and deferred inflows of resources totaled \$80.1 million as of June 30, 2021.

This balance reflects an increase of \$12.1 million, or 17.8% compared to June 30, 2020. Current liabilities increased \$0.8 million primarily due to the increase in other current liabilities, software subscription and split-interest agreements of \$0.4 million, \$0.6 million and \$0.3 million, respectively, offset by a decrease in accounts payable and accrued expenses of \$0.5 million. Other noncurrent liabilities increased \$0.4 million, primarily due to an increase in software subscription of \$0.6 million. Deferred inflows increased \$10.9 million due to increases in split-interest agreements and pension liability, primarily due to investment performance and other split-interest agreement activity.

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 \$71.0 million, \$64.3 million, and \$75.6 million as of June 30, 2022, 2021, and 2020, 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 included 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, 2022 and the two preceding fiscal years:

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

| | 2022 | 2021 | 2022-2021 | | 2020 | 2021-2020 | |
|---|---------------------|---------------------|---------------------|-----------------|---------------------|---------------------|------------------|
| | | | Increase (Decrease) | Percent Change | | Increase (Decrease) | Percent Change |
| Operating revenues | | | | | | | |
| Contributions, net | \$ 190,279 | \$ 203,733 | \$ (13,454) | -6.60% | \$ 114,867 | \$ 88,866 | 77.36% |
| Support from the University of Florida | 23,352 | 23,721 | (369) | -1.56% | 26,637 | (2,916) | -10.95% |
| Investment return, net | (42,708) | 570,921 | (613,629) | -107.48% | 45,567 | 525,354 | 1152.93% |
| Other operating revenues | 10,594 | 8,411 | 2,183 | 25.95% | 7,741 | 670 | 8.66% |
| Total operating revenues | <u>181,517</u> | <u>806,786</u> | <u>(625,269)</u> | <u>-77.50%</u> | <u>194,812</u> | <u>611,974</u> | <u>314.14%</u> |
| Operating expenses | | | | | | | |
| Program services | 171,661 | 223,420 | (51,759) | -23.17% | 157,807 | 65,613 | 41.58% |
| Supporting services | 60,911 | 43,516 | 17,395 | 39.97% | 45,402 | (1,886) | -4.15% |
| Total operating expenses | <u>232,572</u> | <u>266,936</u> | <u>(34,364)</u> | <u>-12.87%</u> | <u>203,209</u> | <u>63,727</u> | <u>31.36%</u> |
| Operating income (loss) | (51,055) | 539,850 | (590,905) | -109.46% | (8,397) | 548,247 | -6529.08% |
| Nonoperating revenues | 32 | 814 | (782) | -96.07% | 737 | 77 | 10.45% |
| Income (loss) before change in nonexpendable | <u>(51,023)</u> | <u>540,664</u> | <u>(591,687)</u> | <u>-109.44%</u> | <u>(7,660)</u> | <u>548,324</u> | <u>-7158.28%</u> |
| Changes in nonexpendable | | | | | | | |
| Endowment contributions | 50,705 | 50,581 | 124 | 0.25% | 55,308 | (4,727) | -8.55% |
| Other changes in nonexpendable | 3,004 | 1,307 | 1,697 | 129.84% | 6,146 | (4,839) | -78.73% |
| Total changes in nonexpendable | <u>53,709</u> | <u>51,888</u> | <u>1,821</u> | <u>3.51%</u> | <u>61,454</u> | <u>(9,566)</u> | <u>-15.57%</u> |
| Change in net position | 2,686 | 592,552 | (589,866) | -99.55% | 53,794 | 538,758 | 1001.52% |
| Net position - beginning of year | <u>2,638,982</u> | <u>2,046,430</u> | <u>592,552</u> | <u>28.96%</u> | <u>1,992,636</u> | <u>53,794</u> | <u>2.70%</u> |
| Net position - end of year | <u>\$ 2,641,668</u> | <u>\$ 2,638,982</u> | <u>\$ 2,686</u> | <u>0.10%</u> | <u>\$ 2,046,430</u> | <u>\$ 592,552</u> | <u>28.96%</u> |

The Foundation's net position increased \$2.7 million, or 0.1% during the fiscal year 2022, driven by contribution revenue offset by investment performance. The

Foundation's net position increased \$592.6 million, or 29.0% during the fiscal year 2021, driven by contribution revenue and 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, 2022 and the two preceding fiscal years:

| | OPERATING REVENUES (in thousands) | | | | | | | |
|---|-----------------------------------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|--|
| | | | 2022-2021 | | | | 2021-2020 | |
| | 2022 | 2021 | Increase (Decrease) | Percent Change | 2020 | Increase (Decrease) | Percent Change | |
| Contributions, net | \$ 190,279 | \$ 203,733 | \$ (13,454) | -6.60% | \$ 114,867 | \$ 88,866 | 77.36% | |
| Support from the University of Florida | 23,352 | 23,721 | (369) | -1.56% | 26,637 | (2,916) | -10.95% | |
| Investment return, net | (42,708) | 570,921 | (613,629) | -107.48% | 45,567 | 525,354 | 1152.93% | |
| Other operating revenues | 10,594 | 8,411 | 2,183 | 25.95% | 7,741 | 670 | 8.66% | |
| Total operating revenues | \$ 181,517 | \$ 806,786 | \$ (625,269) | -77.50% | \$ 194,812 | \$ 611,974 | 314.14% | |

Operating revenues totaled \$181.5 million for fiscal year 2022, a decrease of \$625.3 million, or 77.5% as compared to fiscal year 2021. Nonendowed contributions decreased \$13.5 million to \$190.3 million despite continued strength in donor giving and campaign initiatives. Investment return decreased \$613.6 million due to lower investment performance as compared to fiscal year 2021. Other operating revenues increased \$2.2 million due to higher license tag revenues and other revenues.

Operating revenues totaled \$806.8 million for fiscal year 2021, an increase of \$612.0 million, or 314.1% as compared to fiscal year 2020. Nonendowed contributions increased \$88.9 million to \$203.7 million due to continued strength in donor giving and campaign initiatives. Investment return increased \$525.4 million due to higher investment performance as compared to fiscal year 2020. Other operating revenues increased \$0.7 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, 2022 and the two preceding fiscal years:

| OPERATING EXPENSES (in thousands) | | | | | | | |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | 2022 | 2021 | 2022-2021 | | 2020 | 2021-2020 | |
| | | | Increase (Decrease) | Percent Change | | Increase (Decrease) | Percent Change |
| Operating expenses | | | | | | | |
| Program services | | | | | | | |
| General college support | \$ 69,441 | \$ 66,328 | \$ 3,113 | 4.69% | \$ 51,767 | \$ 14,561 | 28.13% |
| Student financial aid | 29,425 | 28,192 | 1,233 | 4.37% | 28,509 | (317) | -1.11% |
| Faculty and staff support | 28,797 | 25,604 | 3,193 | 12.47% | 21,734 | 3,870 | 17.81% |
| Research | 21,476 | 20,161 | 1,315 | 6.52% | 16,895 | 3,266 | 19.33% |
| Facilities | 12,062 | 69,226 | (57,164) | -82.58% | 29,356 | 39,870 | 135.82% |
| Other | 10,460 | 13,909 | (3,449) | -24.80% | 9,546 | 4,363 | 45.71% |
| Total program services | 171,661 | 223,420 | (51,759) | -23.17% | 157,807 | 65,613 | 41.58% |
| Supporting services | | | | | | | |
| Communications and marketing | 5,166 | 3,306 | 1,860 | 56.26% | 4,080 | (774) | -18.97% |
| Alumni relations | 5,255 | 4,186 | 1,069 | 25.54% | 4,881 | (695) | -14.24% |
| Development | 24,633 | 21,899 | 2,734 | 12.48% | 23,458 | (1,559) | -6.65% |
| Operations | 23,471 | 10,700 | 12,771 | 119.36% | 10,959 | (259) | -2.36% |
| Talent management | 2,386 | 3,425 | (1,039) | -30.34% | 2,024 | 1,401 | 69.22% |
| Total supporting services | 60,911 | 43,516 | 17,395 | 39.97% | 45,402 | (1,886) | -4.15% |
| Total operating expenses | \$ 232,572 | \$ 266,936 | \$ (34,364) | -12.87% | \$ 203,209 | \$ 63,727 | 31.36% |

Operating expenses totaled \$232.6 million for fiscal year 2022, a decrease of \$34.4 million, or 12.9% as compared to fiscal year 2021. Operating expenses totaled \$266.9 million for fiscal year 2021, an increase of \$63.7 million, or 31.4% as compared to fiscal year 2020.

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 \$171.7 million for fiscal year 2022, a decrease of \$51.8 million, or 23.2% as compared to fiscal year 2021. Facilities had the largest decrease over the prior year, \$57.2 million, due to large nonendowed facilities-related donor

contributions received in the prior year. General college support, faculty and staff support and research saw increases of \$3.1 million, \$3.2 million and \$1.3 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 \$60.9 million for fiscal year 2022, an increase of \$17.4 million, or 40.0% over fiscal year 2021. The increase was primarily driven by the net expense associated with the pension plan's termination.

Supporting services expenses totaled \$43.5 million for fiscal year 2021, a decrease of \$1.9 million, or -4.2% over fiscal year 2020. The decrease was primarily due to decreased investments in development, communications and marketing, alumni relations and operations.



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, 2022 and the two preceding fiscal years:

NONOPERATING REVENUES AND CHANGES IN NONEXPENDABLE (in thousands)

| | | | 2022-2021 | | 2021-2020 | | |
|---------------------------------------|-----------|-----------|------------------------|-------------------|-----------|------------------------|-------------------|
| | 2022 | 2021 | Increase (Decrease) | Percent Change | 2020 | Increase (Decrease) | Percent Change |
| Nonoperating revenues | \$ 32 | \$ 814 | \$ (782) | -96.07% | \$ 737 | \$ 77 | 10.45% |
| Changes in nonexpendable | | | | | | | |
| Endowment contributions | 50,705 | 50,581 | 124 | 0.25% | 55,308 | (4,727) | -8.55% |
| Other changes in nonexpendable | 3,004 | 1,307 | 1,697 | 129.84% | 6,146 | (4,839) | -78.73% |
| Total changes in nonexpendable | \$ 53,709 | \$ 51,888 | \$ 1,821 | 3.51% | \$ 61,454 | \$ (9,566) | -15.57% |

Nonoperating revenues totaled \$0.03 million for fiscal year 2022, a decrease of \$0.8 million, or 96.1% as compared to fiscal year 2021. 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 \$53.7 million, an increase of \$1.8 million, or 3.5% as compared to the previous fiscal year. Endowment contributions totaled \$50.7 million, up \$0.1 million from the prior year. Other changes in nonexpendable totaled \$3.0 million, an increase of \$1.7 million over the prior year, primarily due to increases in other revenues.

Nonoperating revenues totaled \$0.8 million for fiscal year 2021, an increase of \$0.1 million, or 10.5% as

compared to fiscal year 2020. 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 \$51.9 million, a decrease of \$9.6 million, or -15.6% as compared to the previous fiscal year. Endowment contributions totaled \$50.6 million, down \$4.7 million from the prior year. Other changes in nonexpendable totaled \$1.3 million, a decrease of \$4.8 million over the prior year, primarily due to the University of Florida Board of Trustees' decertification of the University of Florida Law Center Association, Inc. as a University of Florida direct support organization as of July 1, 2019.

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, 2022 and the two preceding fiscal years:

| CONDENSED STATEMENTS OF CASH FLOWS (in thousands) | | | | | | | |
|---|--------------|-------------|---------------------|----------------|-------------|---------------------|----------------|
| | 2022 | 2021 | 2022-2021 | | 2020 | 2021-2020 | |
| | | | Increase (Decrease) | Percent Change | | Increase (Decrease) | Percent Change |
| Cash flows provided by (used in) | | | | | | | |
| Operating activities | \$ (113,592) | \$ (88,726) | \$ (24,866) | 28.03% | \$ (78,438) | \$ (10,288) | 13.12% |
| Investing activities | 67,859 | 42,929 | 24,930 | 58.07% | 43,859 | (930) | -2.12% |
| Capital and related financing activities | (4,940) | (3,598) | (1,342) | 37.30% | (1,906) | (1,692) | -88.77% |
| Noncapital financing activities | 51,530 | 48,265 | 3,265 | 6.76% | 54,357 | (6,092) | -11.21% |
| Change in cash and cash equivalents | 857 | (1,130) | 1,987 | -175.84% | 17,872 | (19,002) | -106.32% |
| Cash and cash equivalents, beginning of year | 19,177 | 20,307 | (1,130) | -5.56% | 2,435 | 17,872 | 733.96% |
| Cash and cash equivalents, end of year | \$ 20,034 | \$ 19,177 | \$ 857 | 4.47% | \$ 20,307 | \$ (1,130) | -5.56% |

Cash and cash equivalents increased by \$0.9 million, or 4.5% during fiscal year 2022. Net cash flows used in operating activities decreased by \$24.9 million, primarily due to a decrease in nonendowed cash contributions of \$25.0 million as compared to fiscal year 2021. Net cash flows provided by investing activities increased by \$24.9 million, primarily due to increased investment sales and maturities of \$16.2 million as compared to fiscal year 2021. Net cash flows provided by noncapital financing activities increased by \$3.3 million in the current year, primarily due to an increase in contributions restricted for long-term investment and other revenues restricted for long-term investment of \$2.3 million and \$1.1 million, respectively.

Cash and cash equivalents decreased by \$1.1 million, or -5.6% during fiscal year 2021. Net cash flows used in operating activities decreased by \$10.3 million, primarily due to an increase in nonendowed cash contributions of \$25.0 million as compared to fiscal year 2020. Net cash flows provided by investing activities decreased by \$0.9 million, primarily due to decreased investment purchases of \$2.7 million, offset by increased real estate sales of \$1.6 million as compared to fiscal year 2020. Net cash flows provided by noncapital financing activities decreased by \$6.1 million in the current year, primarily due to reductions in contributions restricted for long-term investment of \$5.5 million.

Capital Assets and Debt Administration

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

The following table summarizes capital assets as of June 30, 2022 and the two preceding fiscal years:

CAPITAL ASSETS (in thousands)

| | 2022-2021 | | | | 2021-2020 | | | |
|-------------------------------------|-------------------|-------------------|------------------------|-------------------|------------------|------------------------|-------------------|--|
| | 2022 | 2021 | Increase (Decrease) | Percent Change | 2020 | Increase (Decrease) | Percent Change | |
| Land held for use and land preserve | \$ 100,447 | \$ 99,921 | \$ 526 | 0.53% | \$ 59,000 | \$ 40,921 | 69.36% | |
| Buildings held for use, net | 2,211 | 2,311 | (100) | -4.33% | 2,547 | (236) | -9.27% | |
| Equipment, furniture and vehicles | 2,442 | 1,378 | 1,064 | 77.21% | 1,134 | 244 | 21.52% | |
| Software subscriptions | 2,722 | 1,985 | 737 | 37.13% | - | 1,985 | N/A | |
| Other capital assets | 95 | 95 | - | 0.00% | 95 | - | 0.00% | |
| Total capital assets, net | \$ 107,917 | \$ 105,690 | \$ 2,227 | 2.11% | \$ 62,776 | \$ 42,914 | 68.36% | |

During fiscal year 2022, significant changes in capital assets related primarily to depreciation expense of \$2.5 million, offset by net capital additions of \$4.7 million. During fiscal year 2021, significant changes in capital assets related primarily to net capital additions of \$44.4 million, offset by depreciation and amortization expense of \$1.5 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, 2022 and the two preceding fiscal years:

CAPITAL ASSET-RELATED DEBT (in thousands)

| | 2022-2021 | | | | 2021-2020 | | | |
|---|-----------------|-----------------|------------------------|-------------------|---------------|------------------------|-------------------|--|
| | 2022 | 2021 | Increase (Decrease) | Percent Change | 2020 | Increase (Decrease) | Percent Change | |
| Shands Teaching Hospital and Clinics, Inc. parking garage | \$ 200 | \$ 300 | \$ (100) | -33.33% | \$ 400 | \$ (100) | -25.00% | |
| College of the Arts warehouse | 453 | 479 | (26) | -5.43% | 499 | (20) | -4.01% | |
| Software subscriptions | 936 | 1,164 | (228) | -19.59% | - | 1,164 | N/A | |
| Total capital related liabilities | \$ 1,589 | \$ 1,943 | \$ (354) | -18.22% | \$ 899 | \$ 1,044 | 116.13% | |

During fiscal year 2022, the Foundation decreased capital asset-related debt by approximately \$0.4 million, which was attributable to \$0.4 million in principal payments. During fiscal year 2021, the Foundation increased capital asset-related debt by approximately \$1 million, which was attributable to \$1.7 million of additions related to software subscription, offset by \$0.7 million in principal payments. Additional information on the Foundation's long-term debt obligations can be found in Note 11 of the accompanying notes to the financial statements.

for the upcoming fiscal year decreased by 5.6%. The decrease is largely due to expired University support. Management is not aware of any factors that would have a significant impact on budgeted revenues for the next fiscal year.

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. As the Foundation and the University near the end of the Go Greater campaign, the projections and resulting budget for revenues

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* and the *Specialty License Plate Program* were audited as of and for the fiscal year ended June 30, 2022. 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

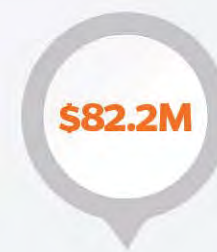
99.5% OF THE ENDOWMENT IS DESIGNATED BY DONORS FOR RESTRICTED PURPOSES



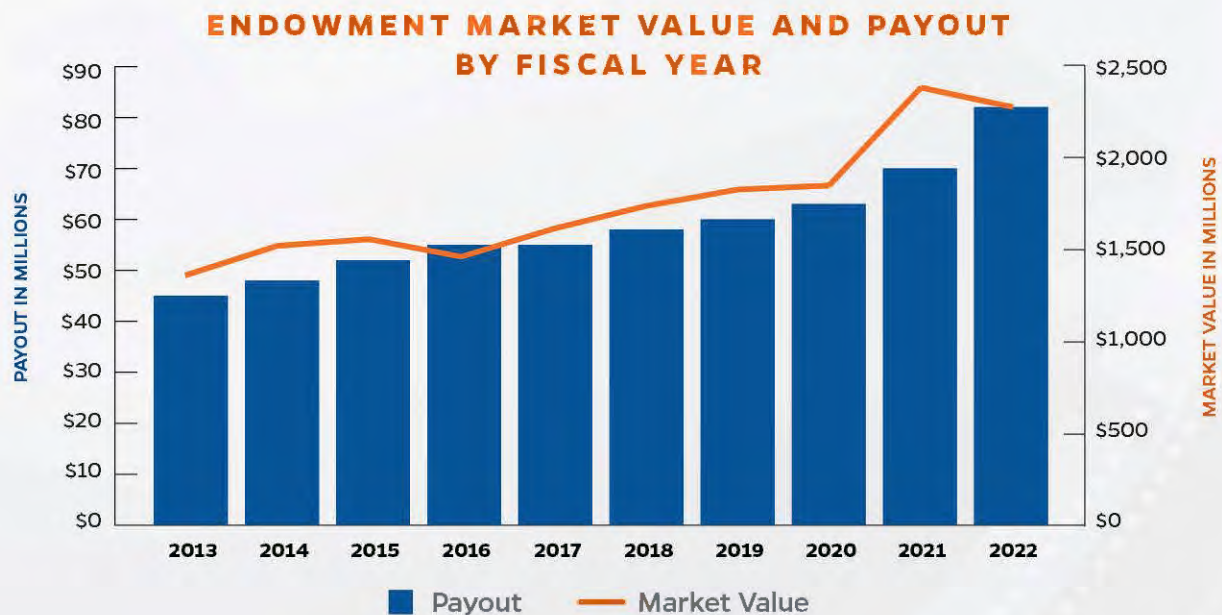
ENDOWMENT FUNDS



ENDOWMENT MARKET VALUE



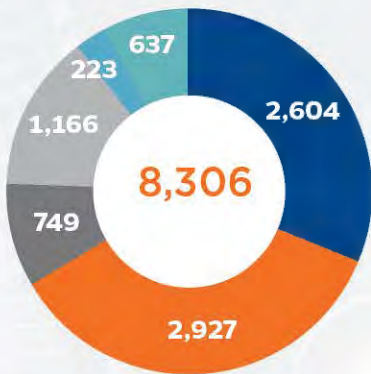
ENDOWMENT PAYOUT



ALL DONOR FUNDS

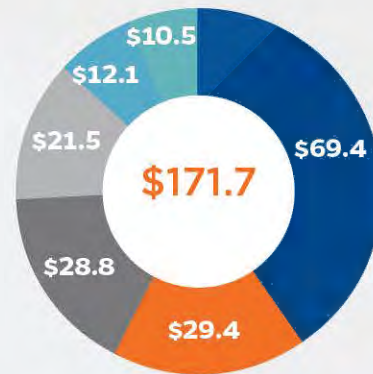
99.0% OF PROGRAM SERVICE EXPENSES WERE FROM FUNDS DESIGNATED BY DONORS FOR RESTRICTED PURPOSES

NUMBER OF FUNDS ⁽¹⁾



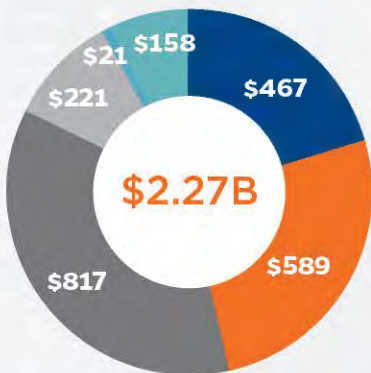
PROGRAM SERVICE EXPENSES

(in \$ millions)



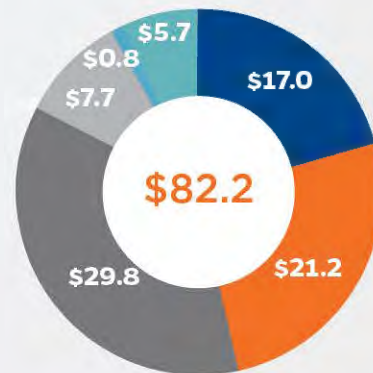
ENDOWMENT MARKET VALUE

(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.