

FINANCIAL STATEMENTS

University of South Florida Alumni Association, Inc.

Years Ended June 30, 2022 and 2021

With Reports of Independent Auditor

University of South Florida Alumni Association, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021

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## Report of Independent Auditor

To the Board of Directors and Management  
University of South Florida Alumni Association, Inc.  
Tampa, Florida

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the University of South Florida Alumni Association, Inc. (the "Alumni Association"), a direct support organization and component unit of the University of South Florida, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Alumni Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alumni Association, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audits were conducted for the purpose of forming opinion on the financial statements that collectively comprise the Alumni Association's basic financial statements. The accompanying schedules of functional expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, on our consideration of the Alumni Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alumni Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alumni Association's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Tampa, Florida  
October 12, 2022

# University of South Florida Alumni Association, Inc.

## Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

This management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the University of South Florida Alumni Association, Inc. (the "Alumni Association") for the fiscal years ended June 30, 2022 and 2021 and should be read in conjunction with the financial statements and notes thereto. The Alumni Association is presented as a component unit of the University of South Florida (the "University" or "USF") and is certified as a direct support organization. The Alumni Association assists in maintaining and enhancing a mutually beneficial relationship between the University and its alumni.

### **Overview of Financial Statements**

The Alumni Association's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board ("GASB"). The Alumni Association's financial report includes three basic financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The Alumni Association is reported as an enterprise fund which includes accounting on an accrual basis. The statements are a presentation of 1) assets and liabilities as current and noncurrent and deferred inflows of resources; 2) revenues and expenses as operating and nonoperating; 3) the use of the direct and indirect methods for the statement of cash flows and 4) the notes to financial statements which provide a summary of the Alumni Association's accounting policies.

### **The Statements of Net Position**

The statements of net position present the assets, liabilities, deferred inflows of resources, and net position of the Alumni Association, as of the end of the fiscal year. The difference between total assets, total liabilities, and deferred inflows of resources is net position. The net position is an indicator of the Alumni Association's financial health. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use by external donors. 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 position that do not meet the definition of restricted.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

The following schedule is a summary of the Alumni Association's statements of net position as of June 30, 2022, 2021, and 2020.

**Condensed Statements of Net Position**

*(For the Fiscal Years Ended June 30)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current assets	\$ 828,442	\$ 788,701	\$ 779,536
Noncurrent assets	8,851,560	10,035,148	7,654,297
<b>Total Assets</b>	<u>\$ 9,680,002</u>	<u>\$ 10,823,849</u>	<u>\$ 8,433,833</u>
Liabilities			
Current liabilities	\$ 435,169	\$ 344,945	\$ 590,986
Noncurrent liabilities	2,431,286	2,058,752	1,843,012
<b>Total Liabilities</b>	<u>\$ 2,866,455</u>	<u>\$ 2,403,697</u>	<u>\$ 2,433,998</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 18,245</u>	<u>\$ 16,213</u>	<u>\$ -</u>
Net Position			
Restricted - expendable	\$ 451,631	\$ 718,958	\$ 304,723
Restricted - nonexpendable endowments	1,119,248	1,061,122	988,868
Unrestricted	5,224,423	6,623,859	4,706,244
<b>Total Net Position</b>	<u>\$ 6,795,302</u>	<u>\$ 8,403,939</u>	<u>\$ 5,999,835</u>

The Alumni Association's assets totaled \$9.7 million as of June 30, 2022. This balance reflects a decrease of \$1.1 million or 10.6%, compared to June 30, 2021. This decrease primarily consists of market fluctuations in noncurrent investments. Current assets contribute \$828 thousand to total assets and consist primarily of funds available to meet current obligations and membership and contribution receivable that are expected to be collected within the next fiscal year. Noncurrent assets contribute \$8.9 million to the Alumni Association's total assets and consist primarily of investments expected to be held, beneficial interest assets, and contribution and membership receivables expected to be collected, beyond the next fiscal year.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

The Alumni Association's assets totaled \$10.8 million as of June 30, 2021. This balance reflects an increase of \$2.4 million or 28.3%, compared to June 30, 2020. This increase primarily consists of market fluctuations in both current and noncurrent investments. Current assets contribute \$789 thousand to total assets and consist primarily of funds available to meet current obligations and membership and contribution receivable that are expected to be collected within the next fiscal year. Noncurrent assets contribute \$10.0 million to the Alumni Association's total assets and consist primarily of investments expected to be held, beneficial interest assets, and contribution and membership receivables expected to be collected, beyond the next fiscal year.

The Alumni Association's liabilities totaled \$2.9 million as of June 30, 2022. This balance reflects an increase of \$463 thousand or 19.3%, compared to June 30, 2021 as an increase in lifetime memberships. These memberships are deferred and recognized over 20 years. The Alumni Association had a significant increase in life memberships this year as the annual membership program was discontinued and focus was placed on life memberships. Current liabilities consist of \$154 thousand in obligations that are expected to be paid within the next fiscal year and \$79 thousand in unearned revenue expected to be earned within the next fiscal year. The remaining \$202 thousand represents the portion of life membership revenue which will be recognized in the next fiscal year. Noncurrent liabilities consist of \$2.4 million and consist of the portion of life memberships and life beneficiaries obligations that are expected to be recognized beyond the next fiscal year.

The Alumni Association's liabilities totaled \$2.4 million as of June 30, 2021. This balance reflects a decrease of \$30 thousand or 1.2%, compared to June 30, 2020 as a decrease in deferred revenue associated with postponed events. Current liabilities consist of \$147 thousand in obligations that are expected to be paid within the next fiscal year and \$31 thousand in unearned revenue expected to be earned within the next fiscal year. The remaining \$168 thousand represents the portion of life membership revenue which will be recognized in the next fiscal year. Noncurrent liabilities consist of \$2.1 million and consist primarily of the portion of life memberships and life beneficiaries obligations that are expected to be recognized beyond the next fiscal year.

Deferred inflows of resources from beneficial interest totaled approximately \$18 thousand as of June 30, 2022. The balance reflects an increase of approximately \$2 thousand or 12.5%, compared to June 30, 2021. This increase represents earnings on current year beneficial interest.

Deferred inflows of resources from beneficial interest totaled approximately \$16 thousand as of June 30, 2021. The balance reflects an increase of approximately \$16 thousand or 100%, compared to June 30, 2020, as this was a new investment for the Alumni Association.

Total net position totaled \$6.8 million as of June 30, 2022. This balance reflects a decrease of \$1.6 million or 19.1%, compared to June 30, 2021. This decrease reflects the market change in investment values.



University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

Total net position totaled \$8.4 million as of June 30, 2021. This balance reflects an increase of \$2.4 million or 40.1%, compared to June 30, 2020. This increase reflects the market change in investment values in the unrestricted and restricted - expendable category, and new endowments in the restricted nonexpendable category.

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

The statements of revenues, expenses, and changes in net position present the Alumni Association's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following schedule is a summary of the Alumni Association's statements of revenues, expenses, and changes in net position for the fiscal years ended June 30, 2022, 2021, and 2020.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

*(For the Fiscal Years Ended June 30)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Nonoperating (loss) revenues	\$ (1,443,051)	\$ 2,599,506	\$ 239,884
<b>(Loss) income before endowment contributions</b>	(1,661,482)	2,359,360	265,005
Endowment contributions	52,845	44,744	23,275
<b>(Decrease) increase in net position</b>	(1,608,637)	2,404,104	288,280
Net position - beginning of year	8,403,939	5,999,835	5,711,555
Net position - end of year	<u>\$ 6,795,302</u>	<u>\$ 8,403,939</u>	<u>\$ 5,999,835</u>

The following summarizes the operating revenue by source that were used to fund operating activities for the fiscal years ended June 30, 2022, 2021, and 2020.

**Operating Revenue**

*(For the Fiscal Years Ended June 30)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contributions	\$ 1,129,090	\$ 1,025,072	\$ 1,461,331
Membership dues	324,671	535,472	550,033
Special events and other income	717,008	574,188	747,121
<b>Total Operating Revenue</b>	<u>\$ 2,170,769</u>	<u>\$ 2,134,732</u>	<u>\$ 2,758,485</u>

University of South Florida Alumni Association, Inc.

Management’s Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

Total 2022 operating revenues of \$2.2 million include contributions, membership dues, special events, and other income. Contributions were \$1.1 million and represented 52.0% of total operating revenues. This reflects an increase of \$104 thousand over 2021 due an increase in budget funding received from USF. Special events and other income were \$717 thousand and represented 33% of total operating revenues. This reflects an increase of \$143 thousand over 2021 as the Alumni Association returned to pre- coronavirus (“COVID-19”) level of events during the year.

Total 2021 operating revenues of \$2.1 million include contributions, membership dues, affinity income, event related revenue, and other miscellaneous operating activity. Contributions were \$1 million and represented 48.0% of total operating revenues. This reflects a decrease of \$436 thousand over 2020 due a decrease in budget funding received from USF. Special events and other income were \$574 thousand and represented 26.9% of total operating revenues. This reflects a decrease of \$172.9 thousand over 2020 due to moving to most events being virtual due to the COVID-19 outbreak.

The following summarizes the operating expenses by type that incurred the operating activities for the fiscal years ended June 30, 2022, 2021, and 2020.

**Operating Expense**

*(For the Fiscal Years Ended June 30)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Salaries and other supplements	\$ 1,541,904	\$ 1,812,325	\$ 1,915,073
Event services	291,874	96,615	242,230
Postage and printing	186,808	123,496	161,880
Services and independent contractors	116,814	124,403	127,006
Scholarships and awards	76,255	74,500	85,150
Travel and per diems	23,637	3,459	42,800
Community relations	19,616	11,935	33,117
Other	132,292	128,145	126,108
<b>Total Operating Expenses</b>	<b>\$ 2,389,200</b>	<b>\$ 2,374,878</b>	<b>\$ 2,733,364</b>

Total 2022 operating expenses of \$2.4 million include program service support, fundraising, and management and general expenses related to support of the Alumni Association’s mission. This balance reflects an increase of \$14 thousand, or 0.6% over the prior fiscal year. This variance consists of an increase in event, fundraising, and membership solicitation activities as compared to the prior year due to the ongoing recovery after the COVID-19 outbreak.

Total 2021 operating expenses of \$2.4 million include program related costs, fundraising, and management and general expenses related to support of the Alumni Association’s mission. This balance reflects a decrease of \$358.5 thousand, or 13.1% over the prior fiscal year. This variance consists of a decrease in event, fundraising, and membership solicitation activities due to the COVID-19 outbreak.

University of South Florida Alumni Association, Inc.

Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

2022 nonoperating loss of \$1.4 million consists entirely of unrealized losses on the endowment investment pool held at the University of South Florida Foundation, Inc. (the "Foundation"). This represents a 156% decrease over the fiscal year ended 2021 due primarily to stronger performance of the market during 2021.

2021 nonoperating revenue of \$2.6 million consists entirely of unrealized gains on the endowment investment pool held at the University of South Florida Foundation, Inc. (the "Foundation"). This gain represents a 983.7% increase over the fiscal year ended 2020 due primarily to stronger performance of the market during 2021.

**The Statements of Cash Flows**

The statements of cash flows provides information in the form of cash inflows and outflows summarized by operating, investing, and noncapital financing activities. This statement will assist in evaluating the Alumni Association's ability to generate net cash flows and its ability to meet its financial obligations as they come due. Cash flows from operating activities show the net cash used by typically ongoing operating activities of the Alumni Association. Cash flows from investing activities show the net sources and uses of cash related to the purchasing or selling investments and earnings income on those investments. Cash flows from noncapital financing activities consist of endowment contributions received. For purposes of cash flow, the Alumni Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The following summarizes the major sources and uses of cash for the fiscal years ended June 30, 2022, 2021, and 2020:

**Condensed Statements of Cash Flow**

*(For the Fiscal Years Ended June 30)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows provided by (used in):			
Operating activities	\$ 187,450	\$ (290,911)	\$ 149,291
Investing activities	(233,851)	221,600	(152,880)
Non-capital financing activities	<u>52,845</u>	<u>44,744</u>	<u>23,275</u>
Change in cash and cash equivalents	6,444	(24,567)	19,686
Cash and cash equivalents			
Beginning of year	<u>2,291</u>	<u>26,858</u>	<u>7,172</u>
End of year	<u>\$ 8,735</u>	<u>\$ 2,291</u>	<u>\$ 26,858</u>

# University of South Florida Alumni Association, Inc.

## Management's Discussion and Analysis (Unaudited) (continued)

June 30, 2022 and 2021

Cash and cash equivalents during 2022 increased by \$6.4 thousand, or 281.3% during fiscal year 2022. Net cash flows from operating activities increase by \$478 thousand, mainly attributed to an increase in revenue earned from events and fundraising. This increase is offset by a decrease in investing activities of \$455.5 thousand and an increase in non-capital financing activities of \$8.1 thousand. Cash flows provided by investing consisted of the sale of short-term investments. Cash flows provided by non-capital financing activities consisted of payments made on endowment contribution.

Cash and cash equivalents during 2021 decreased by \$24.6 thousand, or 91.5% during fiscal year 2021. Net cash flows from operating activities decreased by \$440.2 thousand, mainly attributed to a smaller ending cash balance at the end of the year due to the Alumni Association's accounting system conversion. This decrease is offset by an increase in investing activities of \$374.5 thousand and an in non-capital financing activities of \$21.5 thousand. Cash flows provided by investing consisted of the sale of short-term investments. Cash flows provided by non-capital financing activities consisted of payments made on endowment contribution.

### **Economic Outlook**

The economic outlook of the Alumni Association is affected by several factors, including support received from the University, the Foundation, and various other revenue sources. The University and the Foundation support is contingent on state appropriations and performance of the investment market. The Alumni Association will be able to mitigate risks of budget fluctuation through prudent budgeting and access to reserves.

The Alumni Association participates in the State of Florida Major Gifts Challenge Grant Program (the "Program"). The Program has been temporarily suspended for donations received on or after June 30, 2011. Existing eligible donations received on or before June 29, 2011 remain eligible for future matching funds when appropriated by the state. As of June 30, 2022, the Alumni Association submitted matching requests totaling \$52,802 to the state of Florida. The Program may be restarted by the state of Florida after \$200.0 million of the backlog for the state match programs has been funded. When received, state matching grants will benefit the endowment. Therefore, the \$52,802 has not been recorded in the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the Alumni Association's finances for all those interested. Questions concerning any of the information provided in this report should be addressed to the USF Alumni Association, 4202 East Fowler Ave., ALC 100, Tampa, Florida 33620.

University of South Florida Alumni Association, Inc.

Statements of Net Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 8,735	\$ 2,291
Equity in the University of South Florida Foundation, Inc.	554,995	565,780
Membership dues receivable, net	147,083	89,008
Contribution receivable, net	3,585	14,920
Accounts receivable	63,446	90,124
Prepaid expenses and other assets	50,598	26,578
Total Current Assets	<u>828,442</u>	<u>788,701</u>
Noncurrent Assets:		
Equity in the University of South Florida Foundation, Inc.	8,777,574	9,975,990
Beneficial interest assets	66,732	50,604
Membership dues receivable, net	3,500	2,970
Contribution receivable, net	3,754	5,584
Total Noncurrent Assets	<u>8,851,560</u>	<u>10,035,148</u>
<b>Total Assets</b>	<u>9,680,002</u>	<u>10,823,849</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	126,284	126,840
Lifetime memberships	202,492	167,894
Unearned revenue	78,600	30,518
Due to the University	27,793	19,693
Total Current Liabilities	<u>435,169</u>	<u>344,945</u>
Noncurrent Liabilities:		
Lifetime memberships	2,382,800	2,024,361
Life beneficiaries obligations	48,486	34,391
Total Noncurrent Liabilities	<u>2,431,286</u>	<u>2,058,752</u>
<b>Total Liabilities</b>	<u>2,866,455</u>	<u>2,403,697</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from beneficial interest assets	18,245	16,213
Total Deferred Inflows of Resources	<u>18,245</u>	<u>16,213</u>
<b>NET POSITION</b>		
Restricted:		
Expendable	451,631	718,958
Nonexpendable endowments	1,119,248	1,061,122
Unrestricted	5,224,423	6,623,859
<b>Total Net Position</b>	<u>\$ 6,795,302</u>	<u>\$ 8,403,939</u>

See Accompanying Notes to Financial Statements

University of South Florida Alumni Association, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues:</b>		
Contributions	\$ 1,129,090	\$ 1,025,072
Membership dues	324,671	535,472
Special events and other income	717,008	574,188
<b>Total Operating Revenues</b>	<u>2,170,769</u>	<u>2,134,732</u>
<b>Operating Expenses:</b>		
Program service support	2,016,084	1,938,123
Fundraising support	161,009	234,901
Management expenses	212,107	201,854
<b>Total Operating Expenses</b>	<u>2,389,200</u>	<u>2,374,878</u>
<b>Operating Loss</b>	(218,431)	(240,146)
<b>Nonoperating (Loss) Revenues:</b>		
Investment (loss) income, net	(1,443,051)	2,599,506
<b>Total Nonoperating (Loss) Revenues</b>	<u>(1,443,051)</u>	<u>2,599,506</u>
<b>(Loss) Income Before Endowment Contributions</b>	(1,661,482)	2,359,360
<b>Endowment Contributions:</b>		
Contributions to endowments	52,845	44,744
(Decrease) increase in net position	(1,608,637)	2,404,104
Net position, beginning of year	8,403,939	5,999,835
<b>Net position, end of year</b>	<u>\$ 6,795,302</u>	<u>\$ 8,403,939</u>

See Accompanying Notes to Financial Statements

University of South Florida Alumni Association, Inc.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flow from operating activities:</b>		
Receipts from contributions	\$ 1,801,358	\$ 1,774,040
Receipts from all other sources	719,666	564,770
Payments to the University for programs	(66,400)	(138,139)
Payments to suppliers for goods and services	<u>(2,267,174)</u>	<u>(2,491,582)</u>
Net cash flows from operating activities	<u>187,450</u>	<u>(290,911)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	328,025	515,698
Reinvested interests and dividends	-	21,756
Purchase of investments	<u>(561,876)</u>	<u>(315,854)</u>
Net cash flows from investing activities	<u>(233,851)</u>	<u>221,600</u>
<b>Cash flows from noncapital financing activities:</b>		
Endowment contributions received	<u>52,845</u>	<u>44,744</u>
Net cash flows from noncapital financing activities	<u>52,845</u>	<u>44,744</u>
Net change cash and cash equivalents	6,444	(24,567)
Cash and cash equivalents, beginning of year	<u>2,291</u>	<u>26,858</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,735</u>	<u>\$ 2,291</u>
<b>Supplemental disclosure of noncash related investing activities:</b>		
Unrealized (loss) gain on investments and beneficial interest assets	<u>\$ (1,900,631)</u>	<u>\$ 1,996,187</u>
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>		
Operating loss	\$ (218,431)	\$ (240,146)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Change in the provision for losses and discounts on contribution receivable	(623)	1,717
Lifetime membership	393,037	190,151
Changes in operating assets and liabilities:		
Membership dues receivable	(57,982)	10,007
Contribution receivable	13,165	11,621
Accounts receivable	26,678	(1,495)
Prepaid expenses	(24,020)	(7,923)
Accounts payable and accrued expenses	(556)	47,013
Unearned revenue	48,082	(238,217)
Due to the University	<u>8,100</u>	<u>(63,639)</u>
Net cash flows from operating activities	<u>\$ 187,450</u>	<u>\$ (290,911)</u>

See Accompanying Notes to Financial Statements

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### 1. Summary of Significant Accounting Policies

#### Organization

The University of South Florida Alumni Association, Inc. (the “Alumni Association”) operates as a Direct Support Organization (“DSO”) for the University of South Florida (the “University” or “USF”) as provided for in Section 1004.28 of the Florida Statutes and assists in maintaining and enhancing a mutually beneficial relationship between the University and its alumni.

#### Basis of Presentation and Accounting

The accompanying financial statements have been prepared using U.S. generally accepted accounting principles (“U.S. GAAP”), including all effective applicable pronouncements of the Governmental Accounting Standards Board (“GASB”). The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. To help ensure observance of limitation and restrictions placed on the use of resources, the accounts of the Alumni Association 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. For reporting purposes, these funds are combined into one column as a business-type activity.

The net position of the Alumni Association is reported in two categories as follows:

- Restricted – Includes funds *Restricted by donors - Expendable and Nonexpendable endowments*.
  - *Restricted – Expendable* – Represents funds that are subject to donor or grantor 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.
  - *Restricted – Nonexpendable Endowments* – Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor restrictions for the benefit of various programs at the University. These programs include student scholarships. The corpus of the permanent endowments is retained and reported in nonexpendable endowments, while the net earnings or losses on endowment funds are included in expendable funds available for expenditure.
- Unrestricted – Represents funds that are not subject to donor-imposed restrictions and are available for carrying out the Alumni Association’s operational objectives.



University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**1. Summary of Significant Accounting Policies (continued)**

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

**Cash and Cash Equivalents**

The Alumni Association considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents except for balances included in the pooled investments.

**Investments**

The Alumni Association's investments are held in various pooled investment funds that are maintained by the University of South Florida Foundation, Inc. (the "Foundation"). Investments are carried at fair value based on published quotations from the national exchanges or over-the-counter market, except for alternative investments, which are discussed further in Note 4.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at date of gift. Except for investments that are not readily marketable or are held separately for specific reasons, all gifts of investments are liquidated and invested in accordance with the donor's intent.

Gifts that are invested in the endowment pool are assigned units of participation in the pool based upon their market value on the date of receipt and the most recently determined unit market value for the existing units of participation. Subsequent allocations of annual income of the independent pool are based upon the number of units of participation. Distributions are based upon the spending policy approved by the Foundation Board of Directors and follow the total return concept of utilizing both income and realized gains. The market value of the units of participation is calculated monthly.

Investment loss (including interest and dividends and realized and unrealized gains and losses) is reflected in investment loss in the accompanying statements of revenues, expenses, and changes in net position. Purchases and sales of investments are recorded on a trade-date basis. The cost of investments sold is determined using the specific identification method.

Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and investments not expected to be used during the Alumni Association's next fiscal year.

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2022 and 2021

### **1. Summary of Significant Accounting Policies (continued)**

#### **Contribution Receivable**

Contribution receivable represent written unconditional promises to give by donors. Contribution receivable, other than endowment contributions, are recognized as contribution revenue in the period pledged as long as they are verifiable, measurable, probable of collection, and they meet all the eligibility requirements. Endowment contributions are recognized as contributions to permanent endowment funds at the time payment is received. Contribution receivable, less an allowance for uncollectible accounts, are reported at fair value determined using the discounted present value of expected cash flows. The allowance is made for uncollectible contribution receivable based upon the Alumni Association's analysis of past collection experience and other judgmental factors. The allowance captures the risk premium to bring the contribution receivable balance to a risk-adjusted expected cash flow. There was no allowance for the year ended June 30, 2022.

#### **Membership Dues Receivable**

Membership dues receivable, less an allowance for uncollectible accounts, is reported at net realizable value using a historical default percentage on installment life memberships averaged over a period of five years.

#### **Lifetime Memberships**

Income for lifetime membership dues is recognized ratably over the estimated life of the membership, which is 20 years and is included in liabilities in the accompanying statements of revenues, expenses, and changes in net position.

#### **Beneficial Interest in Non-Trustee Split-Interest Agreements**

The Alumni Association is the intermediary and holds the remainder interest in irrevocable split-interest agreements. The assets associated with those agreements are controlled and invested by the Alumni Association through outside trustees. The Alumni Association records the value of this interest as the net of the fair value of the underlying investments offset by the present value of the estimated future beneficiary payments to the lead interest beneficiaries over the expected life of the agreements.

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2022 and 2021

### **1. Summary of Significant Accounting Policies (continued)**

#### **Deferred Inflow of Resources from Split-Interest Agreements**

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The Alumni Association classifies changes in irrevocable split-interest agreements (beneficial interest assets) as deferred inflows of resources. These amounts will be recognized as revenue upon the distribution or termination of the split-interest agreements.

#### **Income Taxes**

The Alumni Association has been granted tax-exempt status under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended. Income earned in the furtherance of the Alumni Association's tax-exempt purposes is exempt from federal and state income taxes. However, the Alumni Association is subject to income tax on unrelated business income. The Alumni Association is classified as a supporting organization operated in connection with, and functionally integrated with its supported organization as described in Section 509(a)(3).

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Operating and Nonoperating Activities**

The Alumni Association's operating income includes all revenues and expenses associated with the Alumni Association's daily activities. Investment earnings on restricted endowments are excluded from operating income and classified as nonoperating revenues. Contributions received for endowments are also excluded from operating and nonoperating activities and are classified as endowment contributions.

#### **Revenue Recognition**

Contributions are recognized as increases in net position when received provided all eligibility requirements have been met, with the exception of contributions to the endowment which are recognized when received. Unearned revenue on the accompanying statements of net position primarily represents life memberships. Revenue is recognized as services are provided or ratably over 20 years for life memberships.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**1. Summary of Significant Accounting Policies (continued)**

**New Accounting Pronouncement**

The Alumni Association implemented GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the fundamental principle that leases are financings of the noncancelable right to use an underlying asset. GASB Statement No. 87 assumes all leases to be financings of the underlying assets for the noncancelable term of the lease. There was no impact the financial statements as a result of this implementation.

**2. Membership Dues Receivable and Contribution Receivable, Net**

Membership dues receivable are expected to be realized in the following years at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 173,810	\$ 115,112
Year two	3,500	2,970
	<u>177,310</u>	118,082
Less allowance for uncollectible memberships	<u>(26,727)</u>	<u>(26,104)</u>
	<u>\$ 150,583</u>	<u>\$ 91,978</u>

Contribution receivable are expected to be realized in the following periods at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 3,585	\$ 17,684
Year two	1,504	4,000
Year three	1,500	1,000
Year four	500	1,000
Year five	250	-
	<u>7,339</u>	23,684
Less allowance for uncollectible contributions	<u>-</u>	<u>(3,180)</u>
	<u>\$ 7,339</u>	<u>\$ 20,504</u>

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**2. Membership Dues Receivable and Contribution Receivable, Net (continued)**

Contribution receivable, net, are classified in the following net position classes at June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Restricted, expendable	\$ <b>6,283</b>	\$ 4,820
Unrestricted	<b>1,056</b>	15,684
	<b>\$ 7,339</b>	\$ 20,504

Endowment contributions totaling approximately \$22,000 and \$40,000 for the years ended June 30, 2022 and 2021, respectively, have not be recorded in the financial statements as these commitments will be recognized when the resources are received, and all eligibility requirements have been met.

**3. Equity in the University of South Florida Foundation, Inc. Investment Pools**

Investments are carried at fair value, except for certain investments in limited partnerships that are recorded using the fund's net asset value, which approximates fair value. The equity in the Foundation's Investment Pools (the "Pools") are allocated amongst the various types of investments at June 30, 2022 and 2021 as follows:

	<b>2022</b>	<b>2021</b>
Money market funds	<b>0.50%</b>	0.44%
Fixed income	<b>18.09%</b>	16.80%
Domestic equities	<b>30.29%</b>	36.85%
International equities	<b>24.39%</b>	26.37%
Real asset equities	<b>4.50%</b>	3.86%
Private equity	<b>9.79%</b>	7.45%
Fixed income partnership	<b>4.63%</b>	3.10%
Real asset partnership	<b>7.81%</b>	5.13%
Total investments	<b>100%</b>	100%

Investment (losses) earnings consist of the following as of June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Interest and dividends, net	\$ <b>(74,489)</b>	\$ 21,726
Net realized (losses) gains and net changes in fair value of investments	<b>(1,368,562)</b>	2,577,780
Total investment (losses) gains	<b>\$ (1,443,051)</b>	\$ 2,599,506

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**3. Equity in the University of South Florida Foundation, Inc. Investment Pools (continued)**

Cost and fair value information of the Alumni Association's Pools at June 30, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Cost	\$ 7,669,250	\$ 7,106,084
Fair value	\$ 9,332,569	\$ 10,541,770

**4. Fair Value Measurements**

The Alumni Association categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. Fair value is defined in the accounting standards as 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. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect an entity's assumptions about how market participants would value the financial asset.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Level 1* – Inputs are quoted prices in active markets for identical assets or liabilities that the Alumni Association has the ability to access at the measurement date.

*Level 2* – Inputs other than quoted prices that are observable for the asset and liability, either *directly or indirectly*.

*Level 3* – Inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be developed based on the best information available in the circumstances.

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 years ended June 30, 2022 and 2021.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**4. Fair Value Measurements (continued)**

*Equity in the University of South Florida Foundation, Inc.:* The Alumni Association invested all assets held for investment in the Pools managed by the Foundation. This investment is valued using the net asset value (“NAV”) provided by the administrator of the fund, as a practical expedient. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is excluded from the valuation hierarchy.

*Beneficial interests in irrevocable split-interest agreements:* Beneficial interests are included in the Level 3 category and are made up of beneficial interests in perpetual trusts and charitable remainder trusts. The Alumni Association determines the value of these assets as measured by the fair value of the assets contributed to the trusts. For charitable remainder trusts, the income approach is utilized, and the trust assets are discounted to present value using the Internal Revenue Service (“IRS”) discount rate. The Alumni Association has assessed the interest rate used and no additional risk premium is added to this rate. This fair valuation is performed on an annual basis.

*Custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty, the Alumni Association will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Alumni Association’s investments are held by the Foundation. To mitigate custodial credit risk, the Foundation requires that all securities in separately managed accounts be held by a well-capitalized and financially secure third-party custodian bank. The Foundation monitors the financial viability of its custodian bank on a regular basis.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. Financial instruments that potentially subject the Alumni Association to concentrations of credit risk consist principally of pooled investments; however, the Alumni Association’s investments are held by the Foundation. The Foundation limits the amount of credit exposure to any one particular investment.

The Foundation has invested in certain investments without readily determinable values. These investments contain underlying funds, which may include limited partnerships. These investments entail liquidity risks to the extent that they are difficult to sell or convert to cash quickly at favorable prices. The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by the Foundation.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the value of an investment and is measured by duration. The Alumni Association’s investments are held by the Foundation. The Foundation mitigates interest rate risk by allocating to shorter duration strategies in its operating pool, as stipulated by the investment policy. The endowment investment policy requires that duration remain within 1.5 years relative to the asset class benchmark.

University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**4. Fair Value Measurements (continued)**

*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. The Alumni Association’s investments are held by the Foundation. As of June 30, 2022 and 2021, the Foundation did not have any direct investments in equity or fixed income investments subject to this risk. As of June 30, 2022 and 2021, 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.

Description	Total	Fair Value Measurement at June 30, 2022			NAV
		Level 1	Level 2	Level 3	
Operating pool	\$ 554,995	\$ -	\$ -	\$ -	\$ 554,995
Endowment pool	8,777,574	-	-	-	8,777,574
Total investments	\$ 9,332,569	\$ -	\$ -	\$ -	\$ 9,332,569
Total beneficial interest assets	\$ 66,732	\$ -	\$ -	\$ 66,732	\$ -

Description	Total	Fair Value Measurement at June 30, 2021			NAV
		Level 1	Level 2	Level 3	
Operating pool	\$ 565,780	\$ -	\$ -	\$ -	\$ 565,780
Endowment pool	9,975,990	-	-	-	9,975,990
Total investments	\$ 10,541,770	\$ -	\$ -	\$ -	\$ 10,541,770
Total beneficial interest assets	\$ 50,604	\$ -	\$ -	\$ 50,604	\$ -

The primary long-term investment objective of the fund is to preserve the intergenerational equity of endowed gifts while providing a consistent source of funding for the University. This is accomplished by implementing an investment strategy to earn a total rate of return that exceeds the spending rate, plus long-term inflation, plus the costs of managing the investment fund. This results in a target return of about 8%.

The Program pays a quarterly dividend based on the results of the fund. Such dividends can either be withdrawn or reinvested. In addition, with a 60-day notice, the Alumni Association may withdraw either a portion of or its entire investment in the Pool; however, the Alumni Association is limited to one withdrawal, other than any quarterly dividend, per calendar year. There were no unfunded commitments related to the Program as of June 30, 2022 and 2021.

**5. Endowments**

The state of Florida adopted Florida Statute 1010.10, *Florida Uniform Management of Institutional Act* (“FUMIFA”), which provides policy for administration related to investment of endowment funds and the ability to spend net appreciation. The Alumni Association authorizes expenditures for the uses and purposes for which endowment funds were established.



University of South Florida Alumni Association, Inc.

Notes to Financial Statements (continued)

June 30, 2022 and 2021

**5. Endowments (continued)**

FUMIFA requires the Alumni Association Board of Directors to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUMIFA, the Alumni Association Board of Directors may expend so much of an endowment fund as the Alumni Association Board of Directors 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.

In accordance with FUMIFA, the Alumni Association considers the following factors in making a determination to distribute or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Alumni Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Alumni Association and the University
7. The investment policies of the Alumni Association

As a result of this interpretation, the Alumni Association classifies as nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUMIFA.

The Alumni Association investment policy is to invest all assets available for investment in the Pools managed by the Foundation.

The Alumni Association endowment consists of approximately 40 at June 30, 2022 and 2021, individual funds established for a variety of purposes. The following displays the total ending endowment balances for nonexpendable endowments or donor-restricted endowments:

	<b>2022</b>	<b>2021</b>
Total endowment balance	\$ 1,193,606	\$ 1,153,514
Less appreciated portion of restricted expendable	(74,358)	(92,392)
<b>Restricted nonexpendable net position balance</b>	<b>\$ 1,119,248</b>	<b>\$ 1,061,122</b>

# University of South Florida Alumni Association, Inc.

## Notes to Financial Statements (continued)

June 30, 2022 and 2021

### **6. Credit Card Licensing Agreement**

The Alumni Association has an agreement with a financial institution, whereby the Alumni Association will receive royalties from the issuance of credit cards and debit cards with the University's insignia. During the years ended June 30, 2022 and 2021, the Alumni Association received approximately \$155,000 and \$214,000 reported as part of special events and other income, respectively, under this agreement. The Alumni Association's Board of Directors has allocated the entire amount of royalties relating to this agreement to support University alumni relations and student programs.

### **7. Specialty License Plate Revenue**

The Alumni Association receives specialty license plate revenue from the state of Florida. Expenditures of such funds were in compliance with Florida Statutes 320.08056 and 320.08056 for the fiscal years ended June 30, 2022 and 2021.

### **8. Related Party Transactions**

During the years ended June 30, 2022 and 2021, the Alumni Association received financial support from the University for approximately \$500,000 and \$254,000, respectively. This amount is included in contributions in the accompanying statements of revenues, expenses, and changes in net position. The Alumni Association has a convenience account held at the University in which money is transferred to pay the Alumni Association's payroll and other expenses incurred and due to the University. During the years ended June 30, 2022 and 2021, the Alumni Association transferred approximately \$1,139,000 and \$1,615,000, respectively, to the University to cover these expenses. At the end of fiscal years 2022 and 2021, the Alumni Association had a balance due to the University of approximately \$28,000 and \$20,000, respectively.

During the years ended June 30, 2022 and 2021, the Alumni Association received financial support from the Foundation for approximately \$54,000 and \$110,000, respectively. This amount is included in contributions in the accompanying statements of revenues, expenses, and changes in net position. This funding was used to fund development salaries.

### **9. Subsequent Events**

The Alumni Association has evaluated subsequent events from the net position date through October 12, 2022, the date which the financial statements were available to be issued and determined there are no items to disclose.

## *Supplemental Schedules*

University of South Florida Alumni Association, Inc.

Schedules of Functional Expenses

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Program Service Support:		
Salaries and other supplements	\$ 1,291,371	\$ 1,441,858
Community relations	16,486	10,943
Travel and per diems	22,630	656
Supplies and equipment	4,108	1,372
Scholarships and awards	76,255	74,500
Conferences and seminars	4,488	2,906
Postage and printing	185,639	122,383
Repairs and maintenance	5,688	5,921
Service and independent contractors	71,701	88,095
Event services	225,296	74,319
Advertising	24,962	26,787
Bank fees	30,318	21,537
Insurance	39,182	46,968
Recovery for uncollectible pledges	(2,873)	(1,717)
Other	20,833	21,595
Total Program Service Support	<u>2,016,084</u>	<u>1,938,123</u>
Fundraising Support:		
Salaries and other supplements	88,198	209,058
Community relations	3,130	992
Travel and per diems	486	2,748
Supplies and equipment	12	14
Conferences and seminars	110	-
Postage and printing	806	693
Service and independent contractors	565	-
Event services	65,558	21,296
Other	2,144	100
Total Fundraising Support	<u>161,009</u>	<u>234,901</u>
Management Expenses:		
Salaries and other supplements	162,335	161,409
Travel and per diems	521	55
Supplies and equipment	235	30
Conferences and seminars	2,145	1,692
Postage and printing	363	420
Service and independent contractors	44,548	36,308
Event services	1,020	1,000
Insurance	940	940
Total Management Expenses	<u>212,107</u>	<u>201,854</u>
Total Operating Expenses	<u>\$ 2,389,200</u>	<u>\$ 2,374,878</u>

# *Government Auditing Standards Report*

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

To the Board of Directors and Management  
University of South Florida Alumni Association, Inc.  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements the University of South Florida Alumni Association, Inc. (the “Alumni Association”), a direct support organization and component unit of the University of South Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Alumni Association’s basic financial statements, and have issued our report thereon dated October 12, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Cherry Bekaert LLP*

Tampa, Florida  
October 12, 2022