

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT THEREON,
AND SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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Independent Auditor's Report

To the Board of Directors
Florida Agricultural & Mechanical University Foundation, Inc.
Tallahassee, Florida

Opinions

We have audited the accompanying financial statements of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Net Position - Fiduciary Funds, and Statements of Changes in Net Position - Fiduciary Funds of the Florida Agricultural & Mechanical University Foundation, Inc. ("The Foundation"), a component unit of the Florida Agricultural & Mechanical University, as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Florida Agricultural & Mechanical University Foundation, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Net Position - Fiduciary Funds, and Statements of Changes in Net Position - Fiduciary Funds of the Florida Agricultural & Mechanical University Foundation, Inc. as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Florida Agricultural & Mechanical University Foundation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Florida Agricultural & Mechanical University Foundation, Inc., '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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Florida Agricultural & Mechanical University Foundation, 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 Florida Agricultural & Mechanical University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florida Agricultural & Mechanical University Foundation, Inc., 's basic financial statements. The accompanying supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit the accompanying supplementary information, as listed in the table of contents are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Miami, Florida
October 2, 2023

BCA Watson Rice LLP

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

The management's discussion & analysis (MD&A) provides an overview of the financial position and activities of the Florida Agricultural and Mechanical University Foundation Inc. (the Foundation) for the years ended June 30, 2023 and 2022. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion & Analysis – For Public Colleges & Universities*. It should be read in conjunction with the financial statements and supporting notes thereto.

The Foundation is presented as a discrete component unit of the Florida Agricultural and Mechanical University (the University) and is certified as a direct support organization. The Foundation's purpose is to receive, hold, invest and administer charitable contributions for the University.

OVERVIEW OF FINANCIAL STATEMENTS

In accordance with GASB 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, this discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements, Fiduciary Fund financial statements, notes to the financial statements, and other required supplemental information. The accrual basis of accounting is used for presentation which is similar to most private-sector companies.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held in a trustee or agency capacity for parties outside of the Foundation. Fiduciary funds are not reflected in the Foundation's financial statements because the resources of those funds are not available to support the Foundation's own programs. Fiduciary financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position.

STATEMENT OF NET POSITION

The statement of net position reflects the assets and deferred outflows and liabilities and deferred inflows of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation as of June 30, 2023 and 2022. The difference between total assets and total liabilities, net position, is one significant indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate enhancement or deterioration in the Foundation's financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

The following schedule summarizes the Foundation's assets, liabilities, and net position at June 30, 2023 and the preceding two fiscal years:

	2023	2022	2021
Assets			
Current assets	\$ 27,162,600	\$ 21,364,043	\$ 8,440,870
Noncurrent assets	155,479,974	144,359,219	155,679,196
Total assets	<u>182,642,574</u>	<u>165,723,262</u>	<u>164,120,066</u>
Liabilities			
Current liabilities	1,552,811	466,614	999,935
Noncurrent liabilities	239,655	128,876	2,769,745
Total liabilities	<u>1,792,466</u>	<u>595,490</u>	<u>3,679,680</u>
Net position			
Net investments in capital assets	150,650	163,404	170,934
Restricted			
Expendable	77,221,084	65,671,025	67,397,887
Non-expendable	99,594,257	95,961,451	90,504,767
Unrestricted	3,884,117	3,331,892	2,276,798
Total net position	<u>\$ 180,850,108</u>	<u>\$ 165,127,772</u>	<u>\$ 160,350,386</u>

Assets

The Foundation's assets totaled \$182.6 million as of June 30, 2023. This balance reflects an increase of \$17.0 million or 10.2%, compared to June 30, 2022. Current assets contribute \$27.2 million to total assets and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$155.5 million to the Foundation's total assets and consist primarily of restricted pledges receivable, and investments expected to be held beyond the next fiscal year. The total increase in assets of \$17.0 million is mainly attributable to the effect of investment gains coupled with cash gifts received over and above operating expenses.

The Foundation's assets totaled \$165.7 million as of June 30, 2022. This balance reflects an increase of \$1.6 million or 0.9%, compared to June 30, 2021. Current assets contribute \$21.4 million to total assets and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$144.4 million to the Foundation's total assets and consist primarily of restricted pledges receivable, and investments expected to be held beyond the next fiscal year. The total increase in assets of \$1.6 million is primarily due to an increase in cash gifts.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

Liabilities

The Foundation's liabilities totaled \$1.8 million as of June 30, 2023. This balance reflects an increase of \$1.2 million, or 2.6%, as compared to June 30, 2022. Total liabilities include current obligations of \$1.6 million and \$240.0 thousand in noncurrent liabilities. The increase is mainly attributable to current unpaid scholarships.

The Foundation's liabilities totaled \$595.5 thousand as of June 30, 2022. This balance reflects a decrease of \$3.1 million, or 84.0%, as compared to June 30, 2021. Total liabilities include current obligations of \$466.6 thousand and \$129.0 thousand in noncurrent liabilities.

Net Position

Restricted – expendable net position was \$77.2 million as of June 30, 2023, which reflects an increase of \$11.6 million, or 17.6%, as compared to June 30, 2022, primarily due to the effect of investment gains.

Restricted – expendable net position was \$65.7 million as of June 30, 2022, which reflects a decrease of \$1.7 million, or 2.6%, as compared to June 30, 2021, due to an increase of value in pledges receivable, as well as, a decrease in scholarships payable.

Unrestricted – net position was \$3.9 million as of June 30, 2023, which reflects an increase of \$552.2 thousand, or 16.6%, as compared to June 30, 2022, mainly due to an increase in administrative fees.

Unrestricted – net position was \$3.3 million as of June 30, 2022, which reflects an increase of \$1.0 million, or 45.2%, as compared to June 30, 2021, due to an increase in administrative fees and gifts.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position depicts the Foundation's revenue and expense activity. GASB Statement No. 35 categorizes revenue and expenses as either operating or nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

The following summarizes the Foundation's activity for the year ended June 30, 2023, and the preceding two fiscal years:

Condensed Statements of Revenues, Expenses and Changes in Net Position
(For the Fiscal Years Ending June 30)

	2023	2022	2021
Operating revenues	\$ 32,133,460	\$ 12,958,084	\$ 46,072,852
Less operating expenses	<u>20,043,930</u>	<u>13,664,064</u>	<u>8,467,387</u>
Operating income/(loss)	12,089,530	(705,980)	37,605,465
Contributions to permanent endowments	<u>3,632,806</u>	<u>5,456,684</u>	<u>2,395,030</u>
Net change in net position	15,722,336	4,750,704	40,000,495
Net position, beginning of year	<u>165,127,772</u>	<u>160,377,068</u>	<u>120,349,891</u>
Net position, end of year	<u>\$ 180,850,108</u>	<u>\$ 165,127,772</u>	<u>\$ 160,350,386</u>

The following summarizes the operating revenues by source that were used to fund operating activities for the year ended June 30, 2023, and the preceding two fiscal years:

Operating Revenues
(For the Fiscal Years Ending June 30)

	2023	2022	2021
Contributions	\$ 20,748,496	\$ 22,178,162	\$ 11,663,278
Investment income (loss)	9,473,450	(11,056,715)	33,306,917
Other operating revenues	<u>1,911,514</u>	<u>1,836,637</u>	<u>1,102,657</u>
Total operating revenues	<u>\$ 32,133,460</u>	<u>\$ 12,958,084</u>	<u>\$ 46,027,852</u>

Total operating revenues of \$32.1 million for fiscal year ended June 30, 2023 includes contributions, investment earnings, and other operating revenues, including rental activity and miscellaneous operating activity. Contributions were \$20.7 million and represent 64.6% of total operating revenues; this reflects a decrease of \$1.4 million over 2022, the decrease is due to a reduction of \$4.0 million in funding from the University for scholarships. Investment income was \$9.5 million representing 29.5% of total operating income; this reflects an increase of \$20.5 million over 2022, due primarily to increased market performance of all classes. Other operating revenues increased \$75.0 thousand, mainly due to increase in Athletics Investing in Champions packages.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
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Total operating revenues of \$13.0 million for fiscal year ended June 30, 2022 includes contributions, investment earnings, and other operating revenues, including rental activity and miscellaneous operating activity. Contributions were \$22.2 million and represent 171.0% of total operating revenues; this reflects an increase of \$10.5 million over 2021, due primarily to an increase in cash corporate gifts of \$8.9 million and alumnus and friend giving of \$1.45 million. Investment loss was \$(11.1) million representing (85.3)% of total operating income; this reflects a decrease of \$22.3 million over 2021, due primarily to decreased market performance of all classes. Other operating revenues increased \$734.0 thousand, mainly due to increase in Athletics Investing in Champions packages.

Expenses are categorized as operating or non-operating. 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.

Operating Expenses
(For the Fiscal Years Ending June 30)

	2023	2022	2021
University support	\$ 12,512,775	\$ 8,566,430	\$ 4,514,892
Scholarships and grants	4,633,560	2,419,617	1,794,400
Fundraising	1,089,011	1,267,728	810,686
Management and general	1,808,584	1,410,289	1,347,409
Total operating expenses	<u>\$ 20,043,930</u>	<u>\$ 13,664,064</u>	<u>\$ 8,467,387</u>

Total operating expenses of \$20.0 million for fiscal year 2023 include general support to the University, scholarship costs, fundraising, and management and general expenses related to support of the Foundation's mission. This balance reflects an increase of \$6.4 million, or 46.7% over the same period ended June 30, 2022, due primarily to an increase of expenditures in University Support and scholarships.

Total operating expenses of \$13.7 million for fiscal year 2022 include general support to the University, scholarship costs, fundraising, and management and general expenses related to support of the Foundation's mission. This balance reflects an increase of \$5.2 million, or 61.4% over the same period ended June 30, 2021, due primarily to an increase of expenditures in University Support.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the Foundation's financial results by reporting the major sources and uses of cash. This statement assists in evaluating the Foundation's ability to generate net cash flows, its ability to meet its obligations when they come due and its need for external financing. The statement of cash flows reconciles the Foundation's cash transactions. Cash flows from operating activities show the net cash used by ongoing operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt 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. For purposes of cash flow, the Foundation 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 year ended June 30, 2023, and the preceding two fiscal years:

Condensed Statements of Cash Flows
(For the Fiscal Years Ending June 30)

	2023	2022	2021
Cash flows provided by (used in)			
Operating activities	\$ 2,797,541	\$ 4,472,245	\$ 3,485,120
Investing activities	(1,245,230)	606,490	535,839
Capital and related financing activities	11,043	(10,454)	(3,518)
Non-capital financing activities	3,632,806	5,456,684	2,288,467
Change in cash and cash equivalents	5,196,160	10,524,965	6,305,908
Cash and cash equivalents, beginning of year	16,908,712	6,383,747	77,839
Cash and cash equivalents, end of year	<u>\$ 22,104,872</u>	<u>\$ 16,908,712</u>	<u>\$ 6,383,747</u>

Cash and cash equivalents increased by \$5.2 million during fiscal year 2023. Net cash flows from operating activities decreased by \$1.7 million, attributed to a decrease in cash contributions of \$2.4 million, an increase in miscellaneous income of \$71.0 thousand, and a decrease in payments of \$680.2 thousand for university support, scholarships, fundraising, and management and general categories as compared to fiscal year 2022. Net cash flows provided by investing activities reflects a decrease of \$1.9 million primarily resulting from a decrease in proceeds from sales of investments. Cash flows from capital and related financing activities increased by \$21.5 thousand mainly due to disposition of capital assets. Cash flows from noncapital financing activities increased by \$1.8 million, due to decreased endowment giving.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

Cash and cash equivalents increased by \$10.5 million during fiscal year 2022. Net cash flows from operating activities increased by \$1.2 million, attributed to an increase in cash contributions of \$11.3 million, miscellaneous income of \$730.6 thousand, and payments of \$10.8 million for university support, scholarships, fundraising, and management and general categories as compared to fiscal year 2021. Net cash flows provided by investing activities reflects a decrease of \$139.3 thousand primarily resulting from a decrease in proceeds from sales of investments coupled with a decrease in investment income. Cash flows from capital and related financing activities decreased by \$6.9 thousand due to increase in purchases of capital assets. Cash flows from noncapital financing activities increased by \$3.2 million, due to increased endowment giving.

CAPITAL ASSETS

The Foundation has \$151.0 thousand and \$163.0 thousand of capital assets, included in noncurrent assets on the accompanying statement of net position, as of June 30, 2023 and 2022, respectively. These balances are net of accumulated depreciation of \$215.9 thousand and \$214.2 thousand, respectively.

The following table summarizes capital assets as of June 30, 2023 and the preceding two fiscal years:

	2023	2022	2021
Depreciable property and equipment, net	\$ 123,650	\$ 136,404	\$ 143,934
Non-depreciable assets, primarily land	27,000	27,000	27,000
Total capital assets	<u>\$ 150,650</u>	<u>\$ 163,404</u>	<u>\$ 170,934</u>

The balance on June 30, 2023 is comprised of 17.9% land totaling \$27.0 thousand, 69.4% buildings and associated improvements totaling \$104.5 thousand, and the remaining 12.7% of other property and equipment. During fiscal year 2023, changes in capital assets related to an increase in capital improvements of \$4.4 offset by depreciation expense of \$17.0.

The balance on June 30, 2022 is comprised of 16.5% land totaling \$27.0 thousand, 65.0% buildings and associated improvements totaling \$106.3 thousand, and the remaining 18.5% of other property and equipment. During fiscal year 2022, significant changes in capital assets related primarily to capital additions of \$10.5 thousand, offset by depreciation expense of \$18.0 thousand.

The balance on June 30, 2021 is comprised of 15.8% land totaling \$27 thousand, 59.4% buildings and associated improvements totaling \$102.0 thousand, and the remaining 24.8% of other property and equipment. During fiscal year 2021, significant changes in capital assets related primarily to capital additions of \$3.5 thousand, offset by depreciation expense of \$17.9 thousand.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.
(A Discrete Component Unit of Florida Agricultural and Mechanical University)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook of the Foundation is affected by several factors. Those factors include the state of the overall economy, charitable contributions, return on investments and various other economic related factors.

Annual contributions and endowments have a direct impact on enhancing University programs. In 2023, the Foundation anticipates incremental growth in the endowment from new gifts and investment returns, and an incremental increase in incoming expendable gifts as a result of the current economic conditions.

While there have been increases in select areas of giving due to increased support given to Historically Black Colleges and Universities (HBCUs), many of the aforementioned factors have led to ongoing value fluctuations in FAMU Foundation's investment and endowment portfolios. The Foundation's Investment Committee and Board continue to monitor business and market disruptions quarterly at a minimum and adjust as appropriate to ensure that funds from annual contributions and endowments earnings are available to support University programs.

REQUEST FOR INFORMATION

Questions concerning information provided in the MD&A or elsewhere in the June 30, 2023 financial statements and supporting notes thereto should be addressed to Florida Agricultural and Mechanical University Foundation Inc., 625 E. Tennessee Street, Suite 100, Tallahassee, Florida 32308.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

STATEMENTS OF NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 22,104,872	\$ 16,908,712
Investments	2,348,029	2,614,302
Accounts receivable	94,726	104,724
Prepaid expenses	464,789	1,736,305
Pledges receivable, net	2,150,184	1,034,076
Total current assets	27,162,600	22,398,119
Noncurrent assets		
Restricted assets		
Investments, net of current portion	152,965,469	141,363,036
Pledges receivable, net	1,745,000	1,422,207
Property held for sale	168,400	168,400
Cash surrender value of life insurance	74,944	57,539
Lease right of use asset, net	2,351	4,115
Subscription asset, net	373,160	146,442
Capital Assets		
Nondepreciable assets, primarily land	27,000	27,000
Depreciable property and equipment, net	123,650	136,404
Total noncurrent assets	155,479,974	143,325,143
Total assets	182,642,574	165,723,262
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	234,234	289,459
Scholarships payable	1,035,842	-
Salaries payable	171,231	177,155
Lease liability	1,941	1,829
Subscription liability	109,563	-
Total current liabilities	1,552,811	468,443
Noncurrent liabilities		
Lease liability	659	2,600
Subscription liability	234,309	119,760
Deposits	4,687	4,687
Total noncurrent liabilities	239,655	127,047
Total liabilities	1,792,466	595,490
Net Position		
Net investment in capital assets	150,650	163,404
Restricted		
Expendable	77,221,084	65,671,025
Nonexpendable endowments	99,594,257	95,961,451
Unrestricted net assets	3,884,117	3,331,892
Total net position	\$ 180,850,108	\$ 165,127,772

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Contributions, net	\$ 20,748,496	\$ 22,178,162
Net realized and unrealized gain (loss)	6,743,814	(11,653,768)
Interest and dividends	2,729,636	597,053
Miscellaneous income	1,911,514	1,836,637
Total operating revenues	<u>32,133,460</u>	<u>12,958,084</u>
Operating expenses		
University support expenditures	12,512,775	8,566,430
Scholarships and grants	4,633,560	2,419,617
Fundraising	1,089,011	1,267,728
Management and general	1,808,584	1,410,289
Total operating expenses	<u>20,043,930</u>	<u>13,664,064</u>
Operating income/(loss)	<u>12,089,530</u>	<u>(705,980)</u>
Income (loss) before other revenues	<u>12,089,530</u>	<u>(705,980)</u>
Contributions to permanent endowments	<u>3,632,806</u>	<u>5,456,684</u>
Change in net position	<u>15,722,336</u>	<u>4,750,704</u>
Net position, beginning of year	<u>165,127,772</u>	<u>160,350,386</u>
Prior period adjustments (Note 13)		<u>26,682</u>
Net position, beginning of year, as restated		<u>160,377,068</u>
Net position, end of year	<u>\$ 180,850,108</u>	<u>\$ 165,127,772</u>

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Receipts from contributions	\$ 18,641,815	\$ 21,067,248
Receipts from other operating activities	1,903,195	1,832,637
Payments for University support	(12,693,123)	(8,558,911)
Payments for scholarships and grants	(2,248,433)	(6,987,681)
Payments for fundraising activities	(1,053,715)	(1,261,202)
Payments for management and general activities	(1,752,198)	(1,619,846)
Net cash from operating activities	2,797,541	4,472,245
Cash flows from investing activities		
Purchase for building improvements	(24,650)	-
Net Proceeds from sales and maturities of investments	(3,520,556)	9,437
Interest and dividends received	2,299,976	597,053
Net cash from investing activities	(1,245,230)	606,490
Cash flows from capital and related financing activities		
Purchase of capital assets	(4,350)	(10,454)
Disposition of capital assets	15,393	-
Net cash from capital and related financing activities	11,043	(10,454)
Cash flows from noncapital financing activities		
Contributions for long-term endowments	3,632,806	5,456,684
Net cash from noncapital financing activities	3,632,806	5,456,684
Net change in cash	5,196,160	10,524,965
Cash and cash equivalents, beginning of year	16,908,712	6,383,747
Cash and cash equivalents, end of year	\$ 22,104,872	\$ 16,908,712

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash from operating activities:		
Operating income/(loss)	\$ 12,089,530	\$ (705,980)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	120,628	18,299
Donated securities	(617,480)	(183,932)
Interest and dividend income, net of fees	(2,729,636)	(595,911)
Net realized and unrealized gain (loss) on investments	(6,743,814)	11,653,768
Change in assets and liabilities:		
Pledge receivables	(1,438,901)	(926,976)
Cash surrender value of life insurance	(17,405)	(52,776)
Prepaid expenses	1,271,516	(1,467,632)
Property held for resale	-	60,000
Other receivables	9,998	(28,235)
Accounts payables and accrued expenses	(55,224)	(1,694)
Scholarships payable	1,035,842	(3,218,779)
Salaries payable	(5,924)	(76,907)
Lease liability	(1,829)	-
Subscription liability	(119,760)	-
Other liabilities	-	(1,000)
Net cash from operating activities	\$ 2,797,541	\$ 4,472,245

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.
(Agency Fund)**

STATEMENTS OF FIDUCIARY NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
Assets		
Restricted cash and cash equivalents	\$ 670,666	\$ 668,203
Restricted investments	3,059,612	2,761,925
Pledges receivable, net	300	2,150
Total restricted assets	3,730,578	3,432,278
 Net position restricted for Fiduciary funds	 \$ 3,730,578	 \$ 3,432,278

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY
FOUNDATION, INC.
(Agency Fund)**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Contributions, net	\$ 795,341	\$ 1,019,414
Realized and unrealized gain (loss)	149,454	(227,675)
Interest and dividends	40,779	9,661
Miscellaneous income	36,727	23,844
Dues and subscriptions	120,645	168,118
Total additions	1,142,946	993,362
Deductions		
University support expenditures	164,965	194,527
Scholarships and grants	475,147	508,739
Fundraising	131,995	237,710
Management and general	72,539	84,405
Total deductions	844,646	1,025,381
Change in net position	298,300	(32,019)
Net position restricted for agency funds		
Beginning of year	3,432,278	3,464,297
End of year	\$ 3,730,578	\$ 3,432,278

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity – The Foundation is a direct support organization of Florida Agricultural and Mechanical University (University) pursuant to Section 1004.28, Florida Statutes and regulations thereunder at 6C-9.011 of the Florida Administrative Code. The Foundation is a non-profit Florida Corporation exempt from tax under Code Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is organized and operated exclusively to receive, hold, invest, and administer property for the benefit of the Florida Agricultural and Mechanical University. The Florida Agricultural and Mechanical University Foundation, Inc. (the “Foundation”) is supported primarily through donor contributions, grants, and the State of Florida Department of Education’s Division of Colleges and Universities (“D.C.U.”).

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

In accordance with Florida Statute Chapter 1011.94, *University Major Gifts Program*, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to “support libraries and instruction and research programs”, are eligible for state match. The State of Florida has “temporarily suspended” funding for this program and did not appropriate any funds; therefore, no receivable has been recorded in the accompanying financial statements. The State is, however, still accepting matching requests.

During the years ended June 30, 2023 and 2022, the Foundation, under the matching program sponsored by the D.C.U. did not recognize any state matching revenues.

Financial Statements – As a discrete component unit of the University, the Foundation prepares its financial statements according to the provisions of GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. This statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines for GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

These standards require public institutions to present management’s discussion and analysis, basic financial statements, notes to the financial statements, and required supplementary information other than MS&A.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting – The financial statements of the Foundation have been prepared following the financial reporting requirements of GASB Statement No. 35, which use the economic resources measurement focus and the accrual basis of accounting. One exception is the fiduciary fund type, as an agency fund it cannot be said to have a measurement focus since it does not report equity. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Operating and nonoperating activities - Operating revenues and expenses are those that represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the operations of the University. Operating activities relate to the Foundation's principal function, which is to receive, hold, invest, and administer property for the benefit of the University. Operating revenues also include rental revenue from leasing of Foundation owned facilities. Nonoperating activities include certain revenue sources that provide additional funding not included in operating revenues and include endowment contributions.

Fundraising – Costs associated with fundraising activities are reported as fundraising expenses in the accompanying statements of revenues, expenses and changes in net position. Included are all direct costs associated with fundraising activities and allocable costs of activities that include both fundraising and program or management and general functions.

Cash and cash equivalents – For purposes of reporting cash flows, cash and cash equivalents include uninvested cash in bank and certificates of deposits with maturities of three months or less to be cash and cash equivalents.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of net position. Non-traditional and alternative investments without readily determinable fair values are valued at the net asset value of shares or units held by the Foundation at year end based on their trade dates. Real estate fund investments are stated primarily at current appraised values. Unrealized gains and losses are included in the changes in net assets.

The Foundation has two pools of investments, an Operating Pool and an Endowment Pool. Operating funds expected to be held five years or more are commingled with the endowment pool and invested as per asset allocation guidelines in the Foundation's Long Term Investment Policy. The Foundation's Investment Policy is discussed more in Note 7. To preserve the investments' long-term purchasing power, the Foundation makes available to be spent each year a percentage of the average market value of the participating funds for the twelve (12) preceding quarters as authorized by the Foundation's Board to fund operations. The FAMU Foundation sets annual spending at a rate of 4.5%.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating funds expected to be held more than one year are invested in the Operating Pool as per asset allocation guidelines in the Foundation's Short/Intermediate Term Investment and Cash Management Policy.

Fair Values of Financial Instruments- The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term investments, and promises to give due in less than one year, other accounts receivable, and accounts payable: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Fair values of long-term investments are discussed at Note 2.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosures of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates include the probability of collection for unconditional promises to give, and the valuation of securities.

Revenue Recognition – In accordance with Governmental Accounting Standards Board (GASB) statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the Foundation recognizes revenue when all applicable eligibility requirements, including time requirements, are met, provided that the promise is verifiable and the resources are measurable and probable of collection. Contributions to Permanent Endowments are recognized as revenue when the eligibility criteria for a contribution to an endowment are met, when the Foundation receives the contribution. Therefore, no revenue or receivable is recognized prior to receipt. Resources transmitted before the eligibility requirements are met are reported as deferred inflows.

Accounts Receivable – Accounts receivable from operations are stated at their net realizable value. Management considers all accounts receivable balances to be fully collectable. As such, no allowance for uncollectable amounts have been recorded as of June 30, 2023 and June 30, 2022.

Pledges Receivable– In accordance with GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*, pledges receivable are only recorded when all applicable eligibility requirements, including time requirements, are met, provided that the promise is verifiable, measurable, and probable. If subsequent to initial recognition, changes in the estimated collectability of pledges occurs, an allowance for doubtful accounts is recorded. Additional accounting policies are disclosed in Note 4.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses— Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Foundation’s Financial Statements.

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

Capital Assets – Capital assets include, property, plant, and equipment. The Foundation’s threshold for capitalizing property, plant, and equipment is \$1,000. Capital assets are recorded at cost or estimated historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

Assets	Years
Buildings and improvements	5 - 30
Equipment and furniture	3 - 10

Other property consists principally of land and is not subject to depreciation.

Donated Property - Donations of property are recorded as support at their acquisition value upon receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation makes no provision for depreciation of such real property. These amounts are also reflected within program service expenses on the statement of revenues, expenses, and changes in net position for the transfer of the in-kind contributions to the University or maintained on the statement of net position as property held for resale when appropriate. There was no real property donated during the year ended 2023 and 2022. Total tangible property donations received in fiscal years 2023 and 2022 were approximately \$169,926 and \$8,592, respectively.

Impairment - Property, plant and equipment are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2023 and 2022.

Cash Surrender Value of Life Insurance Policies – Various individuals have donated life insurance policies with the Foundation designated as beneficiary and owner. The cash surrender value of the policy is reflected in the accompanying financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases – The Foundation capitalizes costs associated with the payment of noncancelable long-term leases. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease liability is measured at the present value of payments expected to be made during the lease term, less any incentives received from the vendor.

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

Income taxes – The Foundation is exempt from Federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv).

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes (ASC 740) and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

Expenses incurred for program activities and supporting services are reported in the statement of revenues, expenses and changes in net position.

Functional Expenses- The Foundation, being a Direct Support Organization (“DSO”) for the Florida Agricultural and Mechanical University (the “University”), was established to aid in the advancement of the University’s objectives and purposes. Part of the Foundation’s commitment to the University is to provide assistance in the various activities or programs of the University.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation reports expenses by functional classification, whereby expenses are categorized by program activities and supporting services. Program activities include direct and indirect costs associated with activities carried out for the fulfillment of the objectives of the Foundation. Supporting services relate to costs incurred other than those classified under program activities. The Foundation has the following functional expense categories, of which, the first two are program services:

University support - charges include expenses incurred for scholarship administration, seminars, and marketing, on behalf of the University.

Scholarships and grants - charges include payment of tuition, fees, room and board, books and stipends for students in various academic disciplines.

Fundraising - charges include expenses incurred for travel, events and other operating costs to support fundraising efforts.

Management and general - charges represent operating expenses including salaries, materials and supplies for programs supported through the Foundation.

Compensated absences, other postemployment benefits and pension liability – Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code. Leave earned is accrued to the credit of the employee and records are kept on each employee’s unpaid (unused) leave balance. Employees also accrue retirement benefits for pension and other post-employment benefits over the time of employment at the University. Since all the employees who work for the Foundation are considered employees of the University, this compensated absences liability, along with liabilities for pensions and other postemployment benefits, is reported by the University and therefore is not reflected on the Foundation’s financial statements.

Net position – Net position is the difference between assets and deferred outflows less liabilities and deferred inflows of the Foundation. Net position is classified and displayed in three components:

- (i) Net investments in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt resulting from the acquisition, construction, or improvement of the assets.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (ii) (ii) Restricted – consists of net position that has constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. Restricted assets are displayed in two components – expendable and nonexpendable. Expendable represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs include student scholarships, faculty and staff support, research funding, funding for facilities and general college support. Nonexpendable represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the University. These programs include student scholarships, faculty and staff support, research funding, funding for facilities and general college support. The corpus of the permanent endowments is retained and reported in nonexpendable, while the net earnings or losses on endowment funds are included in the expendable funds.
- (iii) Unrestricted – consists of net position that does not meet the definition of “restricted” or “Net investment in capital assets.”

When both restricted and unrestricted net position is available for use, it is the Foundation’s policy to use the restricted resources first, then unrestricted resources as they are needed.

Recent accounting pronouncements – During the year ended June 30, 2023, the Foundation adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020 and effective for fiscal year beginning June 15, 2022, which establishes criteria to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The implementation of the statement has resulted in a restatement of the previously reported June 30, 2022, that impacted total assets by \$146,442 and total liabilities by \$119,760 with a net impact on net position of \$26,682.

Reclassification – Certain amounts in the 2022 financial statements have been reclassified in order to conform with the 2023 presentation. The reclassifications had no impact on total assets, total liabilities, total net position, or change in net position as previously reported.

1. CASH AND INVESTMENTS

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Duration uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. As further described in Note 7, The Foundation’s investment policy provides a structure for the portfolio that is designed to minimize credit risk.

The value of the Foundation’s deposits and investments, with their respective credit ratings and effective durations, is as follows:

<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Govt Money Market	\$ 15,485,311	AAA	N/A
Domestic Fixed Income	5,739,037	AAA	Greater than five years
Domestic Fixed Income	354,320	A+	Greater than five years
Domestic Fixed Income	453,089	A-	Greater than five years
Total	<u>\$ 22,031,757</u>		

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Govt Money Market	\$ 10,063,353	AAA	N/A
Domestic Fixed Income	6,711,157	AA+	Greater than five years
Domestic Fixed Income	1,138,500	AA+	One to five years
Domestic Fixed Income	1,727,327	A-	Greater than five years
Domestic Fixed Income	130,636	A-	One to five years
Domestic Fixed Income	1,098,210	BBB+	Greater than five years
Multi-manager Fixed Income	7,804,628	BBB	1.65 yrs
Total	<u>\$ 28,673,811</u>		

The following investments are held through alternative investments in funds and are not directly subject to credit risk:

Alternative Investments*

	2023	2022
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic Fixed Income	\$ 2,367,365	\$ 1,964,038
International Fixed Income	1,498,360	1,285,899
Hedge Funds	38,980,588	7,331,950
Private debit	1,658,363	7,760,881
Total	<u>\$ 44,504,676</u>	<u>\$ 18,342,768</u>

***Alternative investments** consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt-type securities that are directly held by the Foundation and are measured at NAV per share using the practical expedient or its equivalent.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Custodial Credit Risk is the risk that in the event of a bank failure or the failure of the counterparty, the Foundation's deposits may not be returned to it, or it may not be able to recover the value of its investments that are in the possession of an outside party. On June 30, 2023 and 2022, the Foundation has accounts in financial institutions with balances of \$22,525,538 and \$17,326,915 in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000, respectively. Included in these amounts are Fiduciary funds of \$670,666 on June 30, 2023 and \$668,203 on June 30, 2022. In addition, the Foundation had balances of \$157,873,110 and \$144,786,265 respectively, on June 30, 2023 and 2022 in excess of the Securities Investor's Protection Corporation ("SIPC") insurance coverage of \$500,000. Included in these amounts are Fiduciary funds of \$3,059,612 on June 30, 2023 and \$2,761,925 on June 30, 2022. Invested securities and cash are also covered by the brokerage custodian and its parent company for amounts in excess of the SIPC limit. Management believes no material risk of loss will be sustained from holding these assets with these institutions.

	Cash	Investments, and real estate
Balance at 6/30/2023	\$ 22,775,538	\$ 158,373,110
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 22,525,538</u>	<u>\$ 157,873,110</u>
Balance at 6/30/22	\$ 17,576,915	\$ 145,286,265
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 17,326,915</u>	<u>\$ 144,786,265</u>

Investments - The Foundation maintains master investment accounts for primarily all of its investments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual net asset accounts based on the relationship of the market value of each net asset account to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation invests the majority of its excess operating cash. Operating pool investments consisted of \$43,517,378 for the year ended June 30, 2023, is 27.4% of investments. Operating pool investments consisted of \$33,808,972 for the year ended June 30, 2022, is 23.3% of investments.

Endowment pool investments consisted of \$113,378,084 for the year ended June 30, 2023, is 71.6% of investments. Fiduciary fund endowments totaling \$3,059,612 are included in this amount. Endowment pool investments consisted of \$111,477,293 for the year ended June 30, 2022, is 76.7% of investments. Fiduciary fund endowments totaling \$2,761,925 are included in this amount.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

Real estate property consisted of \$1,452,998, for the year ended June 30, 2023, is 0.9% of investments. Real estate property consisted of \$1,393,762, for the year ended June 30, 2022, is 0.9% of investments.

The following schedule summarizes the investment activity for the year ended June 30, 2023 and 2022.

	2023	2022
Investment returns, net of fees		
Interest and dividend income	\$ 2,340,755	\$ 605,942
Net realized gain/(loss)	5,293,964	13,782,742
Change in net unrealized (loss)	1,599,304	(25,664,185)
Consulting fees	(534,664)	(653,855)
Total investment returns, net	8,699,359	(11,929,356)
Other investment activities		
Incoming gifts	617,479	183,932
Cash deposits	6,500,000	-
Cash withdrawals	(4,207,641)	-
Real estate improvements	24,650	59,236
Total investment activity	\$ 11,633,847	\$ (11,686,188)

The fiduciary fund actively invests cash in conformity with the Foundation's Investment Policy. These funds are pooled with other investments.

The fiduciary fund has unrealized gains/losses on investments of \$(500,812) and \$507,524, realized gains of \$273,137 and \$170,406 interest and dividend income of \$9,661 and \$6,703, as well as investment fees of \$12,260 and \$8,176 as of June 30, 2022 and 2021, respectively. These funds are included in the table above.

2. FAIR VALUE MEASUREMENTS

The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market and income approaches. Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborates, or generally unobservable inputs.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.**
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72, *Fair Value Measurement and Application* establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation methodology for an asset or liability as of the measurement date. The valuation hierarchy assigns highest priority to Level 1 measurements, and lowest priority to Level 3 measurements. The three levels are defined as follows:

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Instruments in this category include money market funds and common stocks traded on exchanges such as the New York Stock Exchange.

Level 2 Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets. In addition, they may include quoted prices for identical or similar assets or liabilities in markets that are not active. Instruments in this category include some corporate and municipal bonds that may not be traded frequently and real estate property.

Level 3 Financial assets and liabilities whose values are based on unobservable inputs for the asset or liability. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value using the best information available under the circumstances. Instruments in this category include investments in hedge funds and real estate funds.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2023 and 2022.

Corporate stocks and Commingled funds (equities and fixed income) – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Mutual Funds/Short-term investments – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Corporate bonds and government issues (domestic and foreign) – Investments classified as Level 1 are based on quoted market prices from independent pricing vendors.

Investments classified as Level 2 are based upon independent pricing models or other model-based valuation techniques, such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors. Other factors may include items, such as credit loss assumptions.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

Hedge Funds and Real Estate Funds – Valued at the net asset value of the units held by the Foundation at year end, as reported by the investment manager.

Limited Partnerships – Investments in limited partnerships for which there is no readily determinable fair value are classified as Level 3, as the valuation is based on significant unobservable inputs. To estimate fair value, the Foundation uses the net asset value of the limited partnerships.

Real Estate Property – The Foundation administrative building is valued at cost plus improvements and allocated 15% to fixed assets and 85% to investments. The Foundation's risk with respect to this property is mitigated by the Foundation's general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements. Donated real property provides net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation holds donated property valued at the fair market value as of the date of the contribution.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation's financial statements at fair value as of June 30, 2023 and 2022, This table includes Fiduciary Funds of \$3,059,612 and \$2,761,925 respectively:

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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2022				
Common Stocks	\$ 68,392,337	\$ 2,482,662	\$ -	\$ 70,874,999
Commingled Funds	3,599,622	8,260,036	-	11,859,658
Corporate Bonds	807,408	-	-	807,408
U.S. Government Securities	8,017,580	3,123,308	-	11,140,888
Real Estate Property	-	1,477,648	-	1,477,648
Hedge Funds	-	10,851,817	-	10,851,817
Cash / Money Market Funds	11,604,158	-	-	11,604,158
Accrued Interest / Unsettled Transactions	(5,409,646)	-	-	(5,409,646)
Total assets in the fair value hierarchy	87,011,459	26,195,471	-	113,206,930
Investments measured at net asset value	-	-	45,166,180	45,166,180
Total Investments at fair value	\$ 87,011,459	\$ 26,195,471	\$ 45,166,180	\$ 158,373,110

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2022				
Common Stocks	\$ 22,503,137	\$ -	\$ -	\$ 22,503,137
Commingled Funds	-	7,804,628	-	7,804,628
Corporate Bonds	2,956,174	-	-	2,956,174
U.S. Government Securities	6,264,001	1,585,656	-	7,849,657
Hedge Funds	-	5,627,466	-	5,627,466
Real Estate Property	-	1,452,998	-	1,452,998
Cash / Money Market Funds	63,715,925	-	-	63,715,925
Accrued Interest / Unsettled Transactions	391,440	-	-	391,440
Total assets in the fair value hierarchy	95,830,677	16,470,748	-	112,301,425
Investments measured at net asset value	-	-	34,437,838	34,437,838
Total Investments at fair value	\$ 95,830,677	\$ 16,470,748	\$ 34,437,838	\$ 146,739,263

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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the significant investment strategies of each major category of investments that calculate net asset value per share and are not in an active market (Level 3 measurements):

Hedge Funds, Fund of Funds and Limited Partnership Funds- To provide capital appreciation and generate high returns at reduced risk through aggressively managed portfolio of investments using advanced investment strategies.

Real Estate Funds – To provide capital appreciation and generate high returns through a professionally managed private Real Estate Investment Trust portfolio that approximates the investment risks and returns for private commercial real estate.

Real Estate Property – To provide net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation’s risk with respect to this property is mitigated by the Foundation’s general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

While these financial instruments may contain varying degrees of risk, the Foundation’s risk with respect to such transactions is limited to its capital balance in each investment. The financial statements of the investees are audited annually by independent auditors.

The following table discloses all investments whose value is calculated using NAV (or its equivalent), as a practical expedient for funds held at June 30, 2023 and 2022.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>Stock investments</u>				
Domestic equities	\$8,225,012		Quarterly	45 days
International equities	8,260,036		Monthly	5 days
<u>Limited partnerships</u>				
Venture capital	6,433,101	\$ 1,151,250	Duration of Partnership	N/A
Private equity	7,562,882	4,275,528	Duration of Partnership	N/A
Private credit	3,865,725	3,377,096	Duration of Partnership	N/A
Real estate fund	1,658,363	1,363,030	Duration of Partnership	N/A
Hedge funds	26,924,283		Monthly/Quarterly	45-90 days
Total investments at June 30, 2023	\$ 62,929,402	\$ 10,166,904		

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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>Commingled funds</u>				
Diversified strategy	\$8,216,282		Quarterly, up to 25%	65 days
<u>Limited partnerships</u>				
Venture capital	6,532,744	\$ 1,800,000	Duration of Partnership	N/A
Private equity	6,973,511	4,253,778	Duration of Partnership	N/A
Private credit	4,954,420	3,902,170	Duration of Partnership	N/A
<u>Real assets</u>				
Real Estate Fund	6,819,448		Quarterly	45 – 90 days
Real Estate Fund	941,433		Duration of Partnership	N/A
Total investments at June 30, 2022	<u>\$ 34,437,838</u>	<u>\$ 9,955,948</u>		

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the fiscal years ended June 30, 2023 and 2022:

	<u>Commingled Funds and Limited Partnerships</u>	<u>Real Estate and Real Estate Fund</u>	<u>Total</u>
Balance June 30, 2021	\$ 19,918,131	\$ 5,422,191	\$ 25,340,322
Sales	(493,557)	(357,439)	(850,996)
Purchases	4,528,956	989,304	5,518,260
Net realized and unrealized gains (losses)	2,723,428	1,706,824	4,430,252
Balance June 30, 2022	<u>26,676,958</u>	<u>7,760,880</u>	<u>34,437,838</u>
Sales	(10,111,525)	(7,026,280)	(17,137,805)
Purchases	22,198,026	795,928	22,993,954
Net realized and unrealized gains (losses)	(883,108)	127,835	(755,273)
Transfers in from level 2	5,627,466	-	5,627,466
Balance June 30, 2022	<u>\$ 43,507,817</u>	<u>\$ 1,658,363</u>	<u>\$ 45,166,180</u>