Board of Trustees
UNIVERSITY of WEST FLORIDA

Audit and Compliance Committee Meeting
Thursday, November 14, 2024
Zoom Webinar

Zoom Webinar | Passcode: 284268

Agenda

- **I. Call to Order** — Suzanne Lewis, BOT Chair
- **II. Roll Call** — Anamarie Mixson
- **III. Greeting** — Suzanne Lewis, BOT Chair
- **IV. Public Comment** — Anamarie Mixson
- **V. Approval of Minutes** — Suzanne Lewis, BOT Chair
  - a. August 15, 2024: Committee Meeting Minutes
- **VI. New Business** — Suzanne Lewis, BOT Chair
  - a. Action Items
    - i. AUD-1: PCard 1st Quarter Audit Report 2024-2025
    - ii. AUD-2: Internal Audit Report
    - iii. AUD-3: UWF Foundation Audited Financial Statements
    - iv. AUD-4: BEI, Inc. Audited Financial Statements
  - b. Information Items
    - i. INFO-1: Internal Auditing and Management Consulting Update
    - ii. INFO-2: IAMC QAR Self-Assessment
    - iii. INFO-3: Purchasing Card Program Update
- **VII. Announcements** — Suzanne Lewis, BOT Chair
- **VIII. Adjournment** — Suzanne Lewis, BOT Chair

Audit and Compliance Committee
August 15, 2024
Zoom Webinar
DRAFT Minutes

Table of Contents

Committee Meeting 9:14 a.m.

The public was provided with information to join this virtual public meeting on the UWF Board of Trustees website.

I. **Call to Order**

A. The meeting of the UWF Board of Trustees Audit and Compliance Committee was called to order at 9:14 a.m. by Committee Chair Dick Baker.

II. **Roll Call**

A. Chair Baker asked Anna Lochas to conduct roll call. Trustees Dick Baker, Alonzie Scott, and Paul Hsu were in attendance.

B. Other Trustees in attendance included:

1. Suzanne Lewis, Jill Singer, Maggie Brown, Stephanie White, and Susan James.

C. Others in attendance included:

1. Martha Saunders, President; Jaromy Kuhl, Provost; Gregory Tomso, Vice President of Academic Engagement & Student Affairs; Howard Reddy, Vice President of University Advancement; Betsy Bowers, Vice President of Finance and Administration; Dave Scott, Associate Vice President for Athletics; Jamie Sprague, Chief Human Resource Officer; Susan Woolf, General Counsel; Anamarie Mixson, Assistant Vice President for the Office of the President; Abigail Megginson, Director, Government Relations; Cindy Talbert, Chief Audit Executive; Matt Packard, Chief Compliance Officer; Dallas Snider, Vice Provost; Dan Lucas, Associate Vice President for Advancement; Jeffrey Djerlek, Associate Vice President of Finance and Controller; Angela Bryan, SACSCOC Liaison and Director of Institutional Effectiveness; Christophe Lizen, Director of Institutional Research; Katie Condon, Assistant Vice President of Enrollment Affairs; Brittany Sherwood, Chief Communications Officer; Patrice Moorer, Assistant Vice President; James Adams, Interim Executive Director of Business and Auxiliary Services; Lauren Loeffler, Assistant Vice President of Academic Engagement; Lauren Alidor, Internal Auditor; Blake Thompson, Deputy CISO and Workflow Admin; Christine Miller, Director of Procurement; and Anna Lochas, BOT Liaison.

III. **Greeting**

A. Chair Baker welcomed everyone to the meeting and noted that there were six action items and two information items on the Audit and Compliance Committee agenda.

IV. **Public Comment**

A. Chair Baker opened the floor for public comment. There was none.

V. **Approval of Minutes**

A. Chair Baker reminded the committee members that they had been given the opportunity ahead of time to review the minutes of the May 16, 2024, Audit and Compliance Committee meeting. Chair Baker asked for a motion to approve the minutes as presented if there were no changes or corrections.

1. Motion by: Trustee Scott
2. Seconded by: Trustee Hsu
3. Motion passed unanimously.

VI. New Business

A. Action Items

1. AUD-1: Auditor General IT Operational Audit Report

   a. Chief Audit Executive, Cindy Talbert, presented the first action item on the Auditor General IT Operational Audit Report.

   b. Chair Baker asked for a motion to accept the Auditor General IT Operational Audit Report issued July 25, 2024.
      i. Motion by: Trustee Hsu
      ii. Seconded by: Trustee Scott
      iii. Motion passed unanimously.

2. AUD-2: Internal Audit Reports

   a. Cindy Talbert presented the second action item on Internal Audit Reports.

   b. Chair Baker asked for a motion to accept the Internal Audit reports for Onboarding and Training of New Hires and for Procurement Competitive Solicitations and Negotiations.
      i. Motion by: Trustee Hsu
      ii. Seconded by: Trustee Scott
      iii. Motion passed unanimously.

3. AUD-3: PCard 4th Quarter Audit Report 2023-2024

   a. Cindy Talbert, presented the third action item on the PCard 4th Quarter Audit Report 2023-2024.

   b. Chair Baker asked for a motion to accept the PCard Quarter 4 Audit Report.
      i. Motion by: Trustee Hsu
      ii. Seconded by: Trustee Scott
      iii. Motion passed unanimously.

4. AUD-4: IAMC Vision, Strategic Plan, Budget, and Technology Plan

a. Cindy Talbert presented the fourth action item on the Internal Auditing and Management Consulting Vision, Strategic Plan, Budget, and Technology Plan.

b. Chair Baker asked for a motion to approve Internal Auditing and Management Consulting Vision, Strategic Plan, Budget, and Technology Plan.
    i. Motion by: Trustee Hsu
    ii. Seconded by: Trustee Scott
    iii. Motion passed unanimously.

5. AUD-5: Office of Compliance and Ethics Annual Report

    a. Chief Compliance Officer, Matt Packard, presented the fifth action item on the Office of Compliance and Ethics Annual Report.

    b. Chair Baker asked for a motion to approve the Office of Compliance and Ethics 2023-2024 Annual Report.
        i. Motion by: Trustee Scott
        ii. Seconded by: Trustee Hsu
        iii. Motion passed unanimously.

6. AUD-6: Office of Compliance and Ethics Work Plan

    a. Matt Packard presented the sixth action item on the Office of Compliance and Ethics Work Plan.

    b. Chair Baker asked for a motion to approve the Office of Compliance and Ethics 2024-2025 Work Plan.
        i. Motion by: Trustee Hsu
        ii. Seconded by: Trustee Scott
        iii. Motion passed unanimously.

B. Information Items

1. INFO-1: Office of Compliance & Ethics – Update on Activities
    a. Matt Packard presented the first information item which was an update on the activities of the Office of Compliance and Ethics.

2. INFO-2: Internal Auditing and Management Consulting Update
    a. Cindy Talbert presented the second information item which was an update on Internal Auditing and Management Consulting.

VII. Announcements

A. Chair Baker identified that all agenda items had been discussed. Chair Baker asked if the committee members had any additional business to discuss. No other business was discussed.

VIII. Adjournment **10:03 a.m.**

A. Chair Baker thanked those in attendance for their participation. With no other business to discuss, Chair Baker adjourned the meeting at 10:03 a.m.

Board of Trustees
Audit and Compliance Committee
November 14, 2024

PCard 1st Quarter Audit Report 2024-2025

Recommended Action:
Accept the Pcard Quarter 1 Audit Report for 2024-2025.

Background Information:
We audited PCard activities for the period of July 1, 2024, through September 30, 2024. This audit was part of our 2024/25 approved audit work plan. Our objectives were to determine the extent of compliance with UWF PCard requirements for Cardholders and Approvers. The audit report was issued on October 7, 2024.

Results
We conducted an audit test to determine whether Cardholders submitted their Expense Reports to their Approvers by the established deadline, for the accounting cycles ending July 4, August 4, and September 4, 2024. We found that 32, 12, and 12 Cardholders, respectively, had not done so as of July 29, August 27, and September 27; however, compliance seems to be trending upward. In another audit test, we noted 100% compliance with other PCard policies related to submitting valid receipts, clarifying business purpose of the purchases, use of appropriate accounting and budget codes, review of receipts, and other policies.

Implementation Plan:
N/A

Fiscal Implications:
Oversight by the Board of Trustees

Relevant Authority:
BOG Regulation 4.002

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. PCard First Quarter 2024/25 Audit Report

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:
Cindy Talbert

Internal Auditing & Management Consulting
Audit: PCard Audit Report – First Quarter 2024/25
Report #P24-25_001
Date: October 7, 2024

SCOPE AND OBJECTIVES

We audited Purchasing Card (PCard) activities for the period of July 1, 2024, through September 30, 2024. This audit was included as part of our 2024/25 audit work plan. Our objectives were to determine the extent of compliance with UWF PCard requirements by Cardholders and Approvers.

Audit fieldwork began on July 29, 2024, and ended on October 4, 2024. Our audit conforms to the Institute of Internal Auditors' *Global Internal Audit Standards* and generally accepted auditing standards.

BACKGROUND

The UWF Office of Procurement and Contracts has approximately 350 PCards currently issued to employees. Employees are required to be trained on PCard regulations before receiving a card or being assigned with other PCard responsibilities. Between July 1, 2024, and September 30, 2024, $3.8 million in charges were transacted.

UWF uses Concur, a web-based travel and PCard system, to manage PCard and travel activities. The general timeline and description of PCard activities is as follows:

- The PCard cycle runs from the 5th of each month to the 4th of the next month.
- All PCard charges uploaded from the credit card company to UWF throughout a given cycle should be reviewed by the Cardholder, who should save applicable invoices and other supporting documentation to a Concur Expense Report by the 14th day of the month.
- The Cardholder should submit the Expense Report to their Approver through Concur by the 21st day of the month.

IAMC generates information from Concur about the timeliness of Expense Report creation and the timeliness of submission of the Expense Report to the Approver.

AUDIT METHODOLOGY

We extracted charge transaction information from Concur and from the J. P. Morgan Bank database. General ledger account numbers and vendor names were examined in an attempt to identify unusual transactions. We searched for duplicate transactions, those with invalid sales taxes added, and charges that might be split into smaller amounts in order to circumvent spending limits for individual cardholders.

Based on charge data from Concur posted during the first quarter, we searched for Cardholders who had not taken timely action as required by PCard regulations.

KEY OBSERVATIONS

1. We noted that the following number of Cardholders had not submitted their Expense Reports to their Approver by the required date:

For the PCard accounting cycle ending:	# of Cardholders who submitted late
July 4, 2024	32
August 4, 2024	12
September 4, 2024	12

This chart shows a a definite improvement in Cardholder attention to PCard Expense Report submission deadlines.

The number of late Expense Reports and associated charges were distributed among the Divisions as shown in the following table:

For the PCard Cycle Ending 7/04/24		
Division	**Expense Reports not submitted at 7/29/24**	**# of Charges**
Academic Affairs	8	24
Advancement	3	12
DAESA	4	12
Fin. & Admin.	2	4
President	20	57
For the PCard Cycle Ending 8/04/24		
Division	**Expense Reports not submitted at 8/27/24**	**# of Charges**
Academic Affairs	2	5
Advancement	0	0
DAESA	1	1
Fin. & Admin.	0	0
President	10	38
For the PCard Cycle Ending 9/04/24		
Division	**Expense Reports not submitted at 9/27/24**	**# of Charges**
Academic Affairs	7	20
Advancement	1	1
DAESA	1	2
Fin. & Admin.	1	1
President	3	3

Some of the figures in the chart deserve additional explanation:

- Virtually all of the late Expense Report submissions in the President's Division were from Athletics.

- Only one of the 27 charges that had not been submitted for the cycle ending September 4 were older than August 5, demonstrating that submissions are generally more timely.

2. We analyzed PCard charges posted to UWF's financial system during first quarter, by vendor, merchant category code, Cardholder total, and individual dollar amount. This was done in order to facilitate the judgmental selection of transactions on which to conduct audit tests. We selected 40 charges to test, with the following results:

Test Criteria	Exceptions
Was a valid receipt submitted?	0
Was the business purpose clarified?	0
Were appropriate account and budget codes applied to the charge?	0
Was the charge "split" to avoid spending limits?	0
Was the item prohibited from purchase?	0
Was sales tax inadvertently paid?	0
Was there evidence that the receipt was reviewed?	0
Was the designated Approver an appropriate person (such as the Cardholder's supervisor)?	0

We appreciate the professionalism, cooperation, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

Cynthia Talbert

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Paul Hsu, Audit & Compliance Committee
Dr. Jaromy Kuhl, Provost
Dr. Greg Tomso, Vice President Academic Engagement and Student Affairs
Betsy Bowers, Vice President of Finance and Administration
Howard Reddy, Vice President of Advancement
James Adams, Executive Director, Business & Auxiliary Services
Christine Miller, Director Procurement & Contracts
Jeffrey Djerlek, Controller
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Coordinator

Board of Trustees
Audit and Compliance Committee
November 14, 2024

Internal Audit Report

Recommended Action:
Accept the Internal Audit Report as presented.

Background Information:
National Security Agency Grant CAE-Cybersecurity #24-25_003: The report was issued on October 15, 2024. Our objectives were to evaluate the adequacy and effectiveness of internal controls over review of grant expenditures and other charges; grant documentation retained on file, training of staff who manage grant financial activities, compliance with the grant agreement, and compliance with applicable laws, rules, and regulations.

There were two recommendations. We recommended that grant related policies and procedures be formalized in writing for duties assigned to the Coordinator II and the Business Manager in the Center for Cybersecurity. We also recommended that Research Administration and Engagement staff consult with the Controller and establish better separation of grant revenue collection duties.

Implementation Plan:
Management has agreed to implement the recommendations by March 2025.

Fiscal Implications:
Fiscal oversight by the Board of Trustees.

Relevant Authority:
BOG Regulation 4.002.

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. Internal Audit Report – National Security Agency Grant CAE-Cybersecurity

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, National Security Agency Grant CAE-Cybersecurity

Presenter:
Cindy Talbert

Internal Auditing & Management Consulting
Audit: National Security Agency Grant
Report # UWF24-25_003
Date: October 15, 2024

SCOPE AND OBJECTIVES

We audited our National Security Agency Grant (National Centers of Academic Excellence in Cybersecurity, or "NCAE-C") for the period of September 1, 2020, through July 31, 2024. This audit was included as part of our 2024/25 audit work plan, determined by our annual risk assessment. Our objectives were to evaluate the adequacy and effectiveness of internal controls over:

- Review of grant expenditures and other charges;
- Grant documentation retained on file;
- Training of staff who manage grant financial activities;
- Compliance with the grant agreement; and
- Compliance with applicable laws, rules, and regulations.

Audit fieldwork began on June 10, 2024, and ended on October 8, 2024. Our audit conforms to the Institute of Internal Auditors *Global Internal Audit Standards* and generally accepted auditing standards.

BACKGROUND

The federal National Security Agency launched the Center of Academic Excellence in Information Assurance Education (CAE-IAE) program in 1999. Under this program, an institution could receive the CAE-IAE designation if it passed rigorous curriculum and program requirements. By May 1999, seven schools became designated as a CAE-IAE, and soon, many more institutions joined the ranks of CAE-IAE designated institutions. While the program initially formed to address the shortage of intelligence community professionals, the program later expanded to address the lack of qualified cybersecurity professionals in the workforce. The NSA awards CAE-C designations to institutions that commit to producing cybersecurity professionals that will reduce vulnerabilities in our national infrastructure. UWF received the CAE-C designation in 2016 and was re-designated in 2021.

In 2020, the UWF Center for Cybersecurity ("the Center") submitted a grant proposal in response to the NCAE-C CyberCurriculum and Research 2020 Program. A $5.9 million grant was awarded, with an option of an additional $2.9 million, which was also later awarded. The Center uses this funding to provide cybersecurity training and career development for veterans, transitioning military and first responders to prepare them for cybersecurity positions in our nation's critical infrastructure sectors. The grant budget included subcontract payments of approximately $6 million to be provided to the 9 other members of a coalition of institutions led by the University of West Florida (UWF). This coalition team includes:

- Augusta University
- Dakota State University
- Eastern New Mexico University
- Florida International University
- Metro State University
- San Antonio College
- University of Houston
- University of South Florida
- University of Texas at San Antonio

Over the past four years, the Center has offered 8 training pathways, 37 courses, and 5 unique industry certifications for 274 learners. The courses are developed and delivered by Center faculty and offered via UWF Continuing Education. The Center recruits learners in a variety of ways, including email and social media announcements, advertisements, and attending conferences.

Grant expenditures for the four-year period were $8,881,341 including $5,406,061 paid to coalition team institutions, $1,698,279 paid for tuition scholarships, $851,419 in payroll costs, $240,532 for equipment, $233,350 in indirect cost reimbursement, and $451,700 in travel, supplies, and other costs. The grant ended on September 3, 2024.

The Center employees who devote some portion of their time to grant activities include the Associate Vice President, the Director, two Associate Directors, an Academic Administrator, a Program Coordinator, a Program Advisor, an Employers Network Coordinator, a Center Business Manager, and others among a staff of 9. In addition, staff members in the UWF's Research Administration & Engagement (RAE) office provide oversight and grant revenue processing for grant activities.

Notable Strengths

The UWF Center for Cybersecurity is a regional hub and nationally recognized leader for multidisciplinary education, research, and workforce development, partnerships, and outreach. The Center for Cybersecurity leads CyberSkills2Work, an innovative program aimed at significantly increasing the pool of qualified cybersecurity professionals.

CyberSkills2Work includes a growing National Employers Network to connect program graduates with employers and career opportunities and provides comprehensive career development support.

The CyberSkills2Work program has received several recognitions, including being highlighted in the National Cyber Workforce and Education Strategy, released by the White House Office of the National Cyber Director, as a model for veteran training and public-private partnerships and mentioned in the corresponding implementation strategy. In July 2024, the CyberSkills2Work principal investigator and coordinator were invited to highlight the program at a Cybersecurity Workshop hosted by the White House Office of the National Cyber Director and the U.S. Department of Labor's Veterans' Employment and Training Service.

AUDIT METHODOLOGY

We reviewed written policies and procedures, departmental website information, and job descriptions. We interviewed key personnel in the Center for Cybersecurity and Research Administration and Engagement. We reviewed grant documents, federal regulations, and UWF policies and regulations. We evaluated compliance on payroll costs, indirect cost, tuition payments, and other expenditures. We reviewed the disaster recovery plans for the Center and RAE, compliance with records retention policies, and evaluated controls over grant revenue transactions.

CONCLUSION ON GOVERNANCE, RISK MANAGEMENT AND CONTROLS

In our opinion, governance over the Center and RAE were adequate to ensure compliance with the grant's objectives. Although currently the department head for RAE is vacant and they have an unfilled position, the Associate Director is temporarily filling this role with guidance from the Provost. The Center has an experienced Associate Vice President leading it, who has been in place since the creation of this department. Controls had been established in each area that were sufficient to ensure the success of the program and risks were being adequately managed.

KEY OBSERVATIONS

1. Written procedures for critical processes provide consistency during staff turnover, are useful for training purposes, and ensure that employees and supervisors are in agreement about the nature of assigned responsibilities. We found that duties assigned to the Center's Coordinator II and Business Manager had been briefly described in their Job Descriptions, Annual Objectives, and other documents, however, written procedures had not been formalized in writing in sufficient detail. These individuals have been assigned with responsibilities that are critical to the success of grant activities. Detailed written procedures would help ensure that important activities related to the grant will be carried out.

2. To minimize the risk of irregularities or fraud, the duties related to the collection of revenue should be assigned to different employees. This would include authorization, collection, and monitoring.

   Collections from grant funding are made via invoices submitted by the RAE Business Manager to the Maryland Procurement Office, a portal provided by the federal Office of Management and Budget for National Security Agency grants. The RAE Associate Director also had this ability to submit invoices. Reconciliation between invoices processed and deposits made to the UWF bank account was assigned to the RAE Business Manager. The two RAE employees have incompatible revenue collection duties assigned to them.

Recommended Management Actions

1. We recommend that the Center's Coordinator II and Business Manager prepare detailed written procedures for the assigned duties, with review for updates performed on an annual basis.

2. We recommend that RAE staff consult with the Controller and establish better separation of revenue collection duties for the NSA grant.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

Cynthia Talbert

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Paul Hsu, Audit & Compliance Committee
Dr. Jaromy Kuhl, Provost
Betsy Bowers, Vice President of Finance and Administration
Elan Travis, Associate Director RAE
Dr. Eman El-Sheikh, Associate VP Center for Cybersecurity
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Liaison

MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response:
The Grant Program Coordinator's and the Center Business Manager's duties are briefly described in their Job Descriptions and Annual Objectives. The Grant Program Coordinator and the Center Business Manager will prepare written job procedures which describe their duties in more detail and will be reviewed and approved by the Center Associate Vice President. The Coordinator and Business Manager will update these job procedures annually following completion of their annual objectives and submit them to the Center Associate Vice President for review and approval.

Responsible Party:
Center for Cybersecurity Associate Vice President Dr. Eman El-Sheikh

Targeted Implementation Date:
January 31, 2025

Recommendation #2

Management Response:
The Research Administration and Engagement's (RAE) Associate Director's access to the Maryland Procurement Office (MPO) submission portal will be deactivated. To ensure that there is still adequate access to the portal, a second RAE Business Manager will submit the paperwork and follow the necessary steps needed to gain access. This will allow for continuity of work and ensure there is proper backup for the office. The RAE Business Manager will submit invoices via email to the Associate Director for review prior to submitting them to the MPO portal. The RAE Associate Director will review and confirm in writing the proper reconciliation of the award.

Responsible Parties:
RAE Associate Director Elan Travis, Controller Jeffrey Djerlek

Targeted Implementation Date:
March 31, 2025

Board of Trustees
Audit and Compliance Committee
November 14, 2024

UWF Foundation Audited Financial Statements June 30, 2024

Recommended Action:
Accept the UWF Foundation Financial Statements for June 30, 2024, audited by Saltmarsh, Cleaveland, & Gund.

Background Information:
Pursuant to Florida Statute 1004.28(5)[1], BOG Regulation BOG-9.011(5)[2], and UWF Regulation 5.016, organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida Board of Trustees. As required, the financial statements of the UWF Foundation, Inc. have been audited by independent certified public accountants for the fiscal year ending June 30, 2024. A cursory review was performed by IAMC to evaluate compliance with the Florida Statute and BOG Regulation. It was determined that compliance appears to exist regarding the annual financial audit.
Results: The UWF Foundation received an unmodified opinion. The audit was performed in accordance with accounting principles generally accepted in the United States and in accordance with *Government Auditing Standards.* The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.
Financial Highlights:

- Total assets at June 30, 2024, were approximately $193.5 million which represented an $8.8 million increase from the prior year primarily due to an increase in investments.
- Net position at June 30, 2024, was $158.6 million, an increase of approximately $11.5 million compared to the prior year.

[1] 1004.28(5)(a) “Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review.”

[2] 9.011(5) “Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review.”

Implementation Plan:
N/A

Fiscal Implications:
Fiscal oversight by the Board of Trustees.

Relevant Authority:
Section 1004.28, Florida Statutes, BOG Regulation 9.011

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. UWF Foundation Audited Financial Statements June 30, 2024

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, President’s Division, x2638, ctalbert@uwf.edu

Presenter:
Cindy Talbert

Saltmarsh
Saltmarsh, Cleaveland & Gund
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CONTENTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2024 and 2023, 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 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 Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any 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 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, including omissions, 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 Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Board of Directors
University of West Florida Foundation, Inc.

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of State Financial Assistance is included in the compliance section, as required by Chapter 10.650, Rules of Auditor General, and for purposes of additional analysis is not a required part of the basic financial statements.

The Schedules of Student Housing System Revenues and Expenses, Schedules of Net Position (Excluding the Student Housing System), Schedules of Functional Expenses, Chairs Under Eminent Scholars Program – Schedule of Receipts, Expenses, and Endowment Balances, Major Gifts Program – Schedule of Receipts, Expenses and Endowment Balances, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, these schedules 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 8, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
October 8, 2024

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Directors
University of West Florida Foundation, Inc.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Saltmarsh Cleaveland & Gund

Pensacola, Florida
October 8, 2024

This management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the University of West Florida Foundation, Inc (the "Foundation") as of and for the years ended June 30, 2024 and 2023.

The Foundation is presented as a discrete component unit of the University of West Florida (the "University" or "UWF"). The Foundation's mission is to exclusively support and enhance the University's mission of teaching, research, and service as determined by the University of West Florida Board of Trustees ("BOT").

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board ("GASB").

Pursuant to GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis – for Public Colleges and Universities*, the Foundation's basic financial statements include the statements of net position; the statements of revenue, expenses and changes in net position; the statements of cash flows, and other required supplemental information.

The Statements of Net Position

The statements of net position reflect the assets, liabilities, and deferred inflows of resources of the Foundation and present the financial position of the Foundation at a specified time. Assets less liabilities and deferred inflows equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition. 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. Net investment in capital assets includes net capital assets less outstanding bonds payable. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

The Statements of Net Position (Continued)

The following is a summary of the Foundation's statements of net position as of June 30, 2024 and the two preceding years.

			2024-2023				2023-2022	
	2024	2023	Dollar Change	Percentage Change	2022		Dollar Change	Percentage Change
Assets:								
Current assets	$ 17,846,776	$ 16,752,541	$ 1,094,235	6.5%	$ 16,447,956		$ 304,585	1.9%
Noncurrent assets	175,670,431	167,973,322	7,697,109	4.6%	159,785,149		8,188,173	5.1%
Total Assets	$ 193,517,207	$ 184,725,863	$ 8,791,344	4.8%	$ 176,233,105		$ 8,492,758	4.8%
Liabilities:								
Current liabilities	$ 4,605,727	$ 4,246,054	$ 359,673	8.5%	$ 3,853,146		$ 392,908	10.2%
Noncurrent liabilities	28,725,225	31,954,520	(3,229,295)	-10.1%	35,094,448		(3,139,928)	-8.9%
Total liabilities	33,330,952	36,200,574	(2,869,622)	-7.9%	38,947,594		(2,747,020)	-7.1%
Deferred Inflows of Resources:								
Split-interest agreements	1,615,603	1,471,900	143,703	9.8%	1,400,111		71,789	5.1%
Net Position:								
Net investment in capital assets	6,446,927	11,318,230	(4,871,303)	-43.0%	10,533,421		784,809	7.5%
Unrestricted	4,173,914	3,337,286	836,628	25.1%	3,174,253		163,033	5.1%
Restricted -								
Expendable	67,425,218	59,762,615	7,662,603	12.8%	50,919,245		8,843,370	17.4%
Nonexpendable	80,524,593	72,635,258	7,889,335	10.9%	71,258,481		1,376,777	1.9%
Total net position	158,570,652	147,053,389	11,517,263	7.8%	135,885,400		11,167,989	8.2%
Total Liabilities, Deferred Inflows and Net Position	$ 193,517,207	$ 184,725,863	$ 8,791,344	4.8%	$ 176,233,105		$ 8,492,758	4.8%

The Foundation's assets totaled $193.5 million as of June 30, 2024. Current assets contribute $17.8 million and consist primarily of funds available to meet current obligations. Noncurrent assets contribute $175.7 million and consist primarily of investments expected to be held and net capital assets. This balance reflects an increase of $8.8 million compared to June 30, 2023. The total change in assets is primarily related to an increase in investments of $15.6 million and a decrease in net capital assets of $8.0 million.

The Foundation's liabilities total $33.3 million as of June 30, 2024. This is composed of $4.6 million in current liabilities including accounts payable and accrued expenses along with current year debt service amounts. Total noncurrent liabilities are $28.7 million which consists of long-term debt and other obligations extending out more than one year. The amount of total liabilities reflects a decrease of $2.9 million related primarily to a paydown of bonds for student housing.

The Statements of Net Position (Continued)

Deferred inflows of resources of $1.6 million represent planned giving donations made under split interest agreements and will be available in future years, net of liabilities owed to other beneficiaries.

Net position totals $158.6 million and is made up of $6.5 million of net investment in capital assets and $4.2 million in unrestricted net assets. It also includes $67.4 million in restricted expendable net assets and $80.5 million in restricted nonexpendable net assets. The total net position has increased by $11.5 million compared to prior year. The primary contributor to this change was an increase of restricted expendable net assets by $7.7 million, an increase in restricted nonexpendable net assets by $7.9 million, and a decrease in net investment in capital assets by $4.9 million.

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

Change in net position is based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of this statement is to present the revenues earned and the expenses incurred by the Foundation. Revenue, expenses, and changes in net position of the Foundation for the years ended June 30, 2024 and 2023 are presented in the following table:

			2024-2023			2023-2022	
	2024	2023	Dollar Change	Percentage Change	2022	Dollar Change	Percentage Change
Operating revenues	$ 36,292,677	$ 31,114,053	$ 5,178,624	16.6%	$ 4,581,788	$ 26,532,265	579.1%
Operating expenses	25,231,323	21,687,079	3,544,244	16.3%	20,239,407	1,447,672	7.2%
Operating income (loss)	11,061,354	9,426,974	1,634,380	17.3%	(15,657,619)	25,084,593	-160.2%
Nonoperating revenues (loss)	(3,629,282)	514,605	(4,143,887)	-805.3%	467,207	47,398	10.1%
Other changes in net position	4,085,191	1,226,410	2,858,781	233.1%	2,424,134	(1,197,724)	-49.4%
Change in net position	11,517,263	11,167,989	349,274	3.1%	(12,766,278)	23,934,267	-187.5%
Net position, beginning of year	147,053,389	135,885,400	11,167,989	8.2%	148,651,678	(12,766,278)	-8.6%
Net position, end of year	$ 158,570,652	$ 147,053,389	$ 11,517,263	7.8%	$ 135,885,400	$ 11,167,989	8.2%

Operating revenues total $36.3 million and are primarily composed of $12.6 million of net unrealized and realized gain (loss) on investments, $11.4 million related to the student housing system, and $9.0 million of contributions.

The Statements of Revenues, Expenses, and Changes in Net Position (Continued)

Operating expenses total $25.2 million and are primarily composed of $10.5 million related to the student housing system, $8.9 million of services to the University, $2.9 million of scholarships to students, and $2.2 million in general and administrative expenses.

Operating income is $11.1 million, nonoperating losses are $3.6 million, and contributions to endowments are $4.1 million for fiscal year 2024. As a result, net position increased by $11.5 million.

Overall, financial position and operations were favorable with investments showing positive returns by approximately $14.9 million. Total expenses were up approximately $3.5 million at $25.2 million and revenues (operating and nonoperating) increased by $1.0 million. Although inflation rates have stabilized, the economic outlook still remains uncertain with inflation increasing at rates of about 3% year over year and the Federal Reserve monitoring interest rates to combat inflation risking a recession as a result.

The Statements of Cash Flows

The statement of cash flows is important to readers because it shows the Foundation's ability to generate cash required for its operations and payment of obligations in a timely fashion. It also provides information regarding decisions made by management as to the use of cash available.

The statement of cash flows shows the cash provided by and used in operating, investing, capital and related financing activities, and noncapital activities.

- Operating activities include funds received (i.e. private donors, student rents, interest and dividends) and payments (i.e. for programs, programmatic equipment, materials, and supplies) made for the Foundation and the University.

- Investing activities represent funds used to purchase investments, proceeds from sales of investments, and the funds held for West Florida Historic Trust.

- Capital and related financing activities include the purchase of property and equipment and the principal payments on the bonds, and insurance proceeds related to Housing.

- Noncapital and related financing activities include funds received for endowments and university support for Housing's lost revenue.

Economics Factors That Will Affect the Future

The economic outlook of the Foundation is affected by several factors, including contributions, return on investments, and the State of Florida legislative changes. Annual contributions and endowments have a direct impact on enhancing University programs. The Foundation is not aware of currently known facts, decisions, or conditions that are expected to have a significant effect on the overall financial position or results of operations during the 2024 fiscal year.

Requests for Information

Questions concerning information provided in the MD&A or requests for additional information should be addressed to the University of West Florida Foundation, 11000 University Parkway, Building 12, Pensacola, FL 32514 or by calling (850) 474-3380.

BASIC FINANCIAL STATEMENTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 3,860,791	$ 4,439,169
Contributions receivable, net	1,635,467	1,345,997
Other receivables, net	252,568	290,871
Due from University	863,541	361,468
Prepaid expenses	321,357	192,905
Investments	10,913,052	10,122,131
Total current assets	17,846,776	16,752,541
Noncurrent Assets:		
Restricted cash reserves	1,712,398	1,648,123
Contributions receivable, net	3,148,702	2,385,533
Investments	131,556,240	116,732,000
Capital assets, net	35,501,333	43,514,277
Assets held under split interest agreements	3,355,188	3,307,798
Other assets	396,570	385,591
Total noncurrent assets	175,670,431	167,973,322
Total Assets	$ 193,517,207	$ 184,725,863

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2024	2023
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,383,575	$ 1,146,585
Bonds payable, net	3,222,152	3,099,469
Total current liabilities	4,605,727	4,246,054
Noncurrent Liabilities:		
Liabilities under split-interest agreements	1,623,814	1,720,127
Due to West Florida Historic Trust	1,269,157	1,137,815
Bonds payable, net	25,832,254	29,096,578
Total noncurrent liabilities	28,725,225	31,954,520
Deferred Inflows of Resources:		
Split-interest agreements	1,615,603	1,471,900
Net Position:		
Net investment in capital assets	6,446,927	11,318,230
Unrestricted	4,173,914	3,337,286
Restricted -		
Expendable	67,425,218	59,762,615
Nonexpendable	80,524,593	72,635,258
Total net position	158,570,652	147,053,389
Total Liabilities, Deferred Inflows and Net Position	$ 193,517,207	$ 184,725,863

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues:		
Contributions	$ 9,037,544	$ 7,600,151
Interest and dividend income	2,226,255	2,038,844
Net unrealized and realized gain on investments	12,630,629	9,881,276
Student housing system	11,425,244	10,683,854
University support - non cash	857,492	811,758
Other operating revenues	115,513	98,170
Total operating revenues	36,292,677	31,114,053
Operating Expenses:		
Scholarships	2,899,586	2,316,393
Other program services	8,850,039	6,288,303
Student housing system	10,485,190	10,178,463
Fundraising services	773,779	722,787
General and administrative	2,222,729	2,181,133
Total operating expenses	25,231,323	21,687,079
Operating Income	11,061,354	9,426,974
Nonoperating Revenues (Loss):		
Real property provided by the University	-	571,674
Loss on disposal of capital assets	(7,008)	(25,682)
Other nonoperating losses	(3,622,274)	(31,387)
Total nonoperating revenues (loss), net	(3,629,282)	514,605
Net Income Before Other Changes in Net Position	7,432,072	9,941,579
Other Changes in Net Position:		
Endowed contributions	4,085,191	1,226,410
Change in Net Position	11,517,263	11,167,989
Net Position, Beginning of Year	147,053,389	135,885,400
Net Position, End of Year	$ 158,570,652	$ 147,053,389

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Cash receipts from contributions	$ 7,984,905	$ 7,394,198
Interest and dividends received	2,226,255	2,038,844
Cash receipts from student housing system	10,923,171	10,683,854
Cash receipts from other operating revenues	153,816	57,668
Cash paid for operating expenses	(21,060,720)	(17,534,622)
Net cash provided by operating activities	227,427	2,639,942
Cash Flows From Investing Activities:		
Purchase of investment securities	(31,553,856)	(31,334,511)
Proceeds from sales of investment securities	28,569,324	31,361,772
Due from West Florida Historic Trust	131,342	102,369
Net cash provided by (used in) investing activities	(2,853,190)	129,630
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(1,602,943)	(988,119)
Bond principal payments	(3,141,641)	(3,038,628)
Proceeds from sale of real property	2,771,053	-
Proceeds from sale of vehicle	-	666,510
Net cash used in capital and related financing activities	(1,973,531)	(3,360,237)
Cash Flows From Noncapital Financing Activities:		
Endowment contributions	4,085,191	1,226,410
Net Increase (Decrease) in Cash	(514,103)	635,745
Cash, Beginning of Year	6,087,292	5,451,547
Cash, End of Year	$ 5,573,189	$ 6,087,292
Displayed As:		
Cash and cash equivalents	$ 3,860,791	$ 4,439,169
Noncurrent restricted cash reserves	1,712,398	1,648,123
	$ 5,573,189	$ 6,087,292

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	2023
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	$ 11,061,354	$ 9,426,974
Adjustments to reconcile operating income to net cash provided by operating activities -		
Net unrealized and realized gain on long-term investments	(12,630,629)	(9,881,276)
Provision for uncollectible accounts	9,639	66,797
Change in fair value of -		
Contributions receivable	210,690	59,090
Cash surrender value of insurance policies	(10,979)	(5,546)
Depreciation	3,215,552	3,216,256
Change in operating assets and liabilities -		
Contributions receivable	(1,285,123)	(264,965)
Other receivables	50,458	(149,450)
Due from University	(502,073)	42,073
Prepaid expenses	(128,452)	(33,683)
Accounts payable and accrued expenses	236,990	163,672
Net cash provided by operating activities	$ 227,427	$ 2,639,942
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 1,118,300	$ 1,235,056
Supplemental Disclosure of Noncash Capital and Related Financing Activities Information:		
Real property provided by the University	$ -	$ 571,674

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The University of West Florida Foundation, Inc. (the "Foundation") was organized as a Florida not-for-profit corporation in 1965 for the purpose of soliciting, receiving, and administering gifts and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of the University of West Florida (the "University") and its objectives. The Foundation is a direct-support organization of the University, as provided for in Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University.

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

The Foundation owns the Student Housing System and is responsible for the management thereof, along with the associated revenues, expenses and debt related to the operation of these projects as further described in Note 11 to the financial statements.

Basis of Accounting:

The Foundation follows standards of accounting and financial reporting that are generally accepted in the United States of America for governmental entities. The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Fund Accounting:

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

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

Net Investment in Capital Assets - Represents funds that consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any revenue bonds that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued):

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

Restricted - Restricted net position represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. Restricted funds include:

Expendable: Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs include endowed chairs and professorships, research funding and student scholarships.

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 endowed chairs, professorships, and 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.

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

Operating and Nonoperating Activities:

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Operating revenues also include rental revenue from student housing facilities. Nonoperating revenues (losses) include certain revenue sources that provide additional funding not included in operating revenues and include University related support and endowment contributions, offset by disposal of capital assets.

Cash and Cash Equivalents:

The amount reported as cash and cash equivalents consists of cash on hand and cash in demand accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued):

For the purpose of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Noncurrent cash and cash equivalents at June 30, 2024 and 2023, include cash that is restricted or is not expected to be used during the Foundation's next fiscal year.

Restricted Cash Reserves:

Restricted cash reserves represent funds held by bond trustees for construction of on-campus housing, debt service, and maintenance of reserves required under the bond indentures.

Investments:

The Foundation has created various pools for the investment of funds on a consolidated basis. All investments are reported at fair value. Investments with maturities less than 12 months and investments placed with the State Treasury Special Purpose Investment Account ("SPIA") are classified as current investments. These current investments were created to provide liquidity and be a source of funds to meet planned or anticipated expenses for current operations. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other internal designations by the Board of Directors and management as well as investments not expected to be used during the next fiscal year.

Investments placed with SPIA include accounts for Foundation operations, as well as accounts restricted for housing operations. SPIA has established a minimum balance for each account. Each SPIA participant is required to give six months' notice for all withdrawals below the floor, which is calculated as forty percent of the previous three months' average daily balance.

Contributions Receivable:

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* all non-endowed pledges that have met all eligibility requirements that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. An allowance for uncollectible contribution receivables is estimated and recorded based on management's judgment of the collectability in future years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets:

Capital assets consists of office equipment, student housing system, future use, or sale, and works of art. Purchased assets are recorded at cost, while donated assets are recorded at fair market value at the date of donation. Where a contributed asset has an uncertain fair market value due to deed restrictions, the Foundation records no value for the property. The Foundation has a capitalization threshold of $20,000. Depreciation is allocated over the estimated useful lives of the respective assets on a straight-line basis as follows:

	Years
Property and improvements	7 - 45
Equipment and software	3 - 10

The Foundation capitalizes interest costs on borrowing incurred during the construction of qualifying assets. The capitalized interest is amortized over the life of the borrowing.

Split-Interest Agreements:

The Foundation serves as trustee for split-interest agreements classified as charitable gift annuities and charitable remainder unitrust. Assets received under charitable gift annuities and charitable remainder unitrust are recorded at fair market value and the liabilities to make future payments under these agreements are recorded at present value, with the difference reported as deferred inflows of resources. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under charitable gift annuities and charitable remainder unitrust are based on discount rates and mortality tables established by the Internal Revenue Code and Regulations. The Foundation is a charitable recipient of a charitable lead trust. Assets received under the charitable lead trust are recorded at fair market value, with changes recorded as deferred inflows of resources. The determination of the future values is discounted in the same manner as contribution receivables based on the prevailing five-year Treasury constant maturities.

Deferred Inflows of Resources:

The Foundation reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of the statement of net position. Deferred inflows of resources relate to split-interest agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Contributions of cash, investment securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated values at the dates of donation. Conditional promises to give are not recognized until the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to university direct support organizations by the University. As discussed in Note 6, the Foundation records the University's support as contributed services on the statement of revenues, expenses, and changes in net position.

Bond Discounts and Premiums:

Bond discounts and premiums are amortized over the terms of the bonds using the straight-line method since the difference between this method and the effective interest method is not material to the financial statements. Bond discounts and premiums are presented as an adjustment to the face amount of bonds payable.

Compensated Absences:

Employees of the Foundation are entitled to paid vacation and sick days depending on job classification, length of service and other factors. Upon termination of employment, an employee will be paid for accumulated annual leave. In addition, an employee with ten or more years of service may be paid for a portion of their accumulated sick leave.

At June 30, 2024 and 2023, accrued compensated absences totaling $752,280 and $635,696 were reported as a component of accrued expenses in the accompanying financial statements.

Other Program Services:

Other program services consist of expenditures to support the objectives of the University and/or its various colleges and departments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

The Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain investment activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Retirement Plan and Other Post-Employment Healthcare Benefits:

As discussed in more detail in Note 10, Foundation employees may elect to participate in the Florida Retirement System consisting of a defined benefit plan; the Deferred Retirement Option Program, an alternative method for retirement payment; and the Public Employee Optional Retirement Program, a defined contribution plan. These plans have vesting and service requirements. Certain eligible faculty and administrators may also elect to participate in the Optional Retirement Program, a defined contribution plan which provides full and immediate vesting of contributions. Certain key University personnel participate in a money-purchase retirement savings plan with specific vesting schedules.

As required by Section 112.0804, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. The University allows retirees to participate in the plan at reduced or blended group rates. These rates may provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Since all employees who work for the Foundation are employees of the University, the liabilities for pensions and other post-employment benefits is reported by the University and not reflected on the Foundation's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications:

Certain accounts in the 2023 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2024 financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2024 and 2023, unrestricted cash and cash equivalents consisting of bank demand accounts were as follows:

	2024	2023
Foundation cash on deposit	$ 3,785,835	$ 4,156,238
Housing cash on deposit	74,956	282,931
	$ 3,860,791	$ 4,439,169

At June 30, 2024 and 2023, restricted cash and cash equivalents were as follows:

	2024	2023
Housing operating reserves	$ 1,079,979	$ 1,147,690
Housing replacement reserves	549,768	494,965
Housing bond service accounts	82,651	5,468
	$ 1,712,398	$ 1,648,123

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits:

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's deposits may not be returned to it. It is the Foundation's policy to monitor deposits on account to avoid deposits that are not covered by depository insurance or are uncollateralized. The Foundation's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At June 30, 2024 and 2023, the Foundation's uninsured cash balance at financial institutions totaled approximately $1,180,000 and $658,000, respectively.

Additional financial instruments that potentially subject the Foundation to custodial credit risk consist of cash deposits at brokerage firms. These accounts are not insured by the FDIC. At June 30, 2024 and 2023, the Foundation maintained cash and cash equivalent balances at these institutions totaling approximately $4,462,000 and $5,252,000, respectively.

Management monitors the soundness of the financial institutions and does not believe the Foundation is exposed to any significant credit risk on cash and cash equivalents.

Investments:

The Foundation has an investment policy which provides guidelines for the investments of Foundation assets. The purpose of these assets is to further the overall mission of the University. The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power of real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment policy provides information on authorized asset classes, target allocations and ranges of acceptable investment categories.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

Investments are carried at fair value and consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2024:			
Certificates of deposit	$ 624,254	$ 604,683	$ (19,571)
Equity securities -			
Common stock and mutual funds	51,760,215	76,575,039	24,814,824
Debt securities	27,156,558	27,442,688	286,130
External investment pool -			
SPIA	5,065,571	5,044,295	(21,276)
Alternative investments -			
Fund of fund hedge funds	6,660,500	10,644,307	3,983,807
Private equity investments	15,055,054	17,630,736	2,575,682
Real estate investment funds	5,776,413	4,527,544	(1,248,869)
Total investments	$ 112,098,565	$ 142,469,292	$ 30,370,727
June 30, 2023:			
Certificates of deposit	$ 563,308	$ 563,308	$ -
Equity securities -			
Common stock and mutual funds	42,759,224	63,368,292	20,609,068
Debt securities	24,456,085	24,242,397	(213,688)
External investment pool -			
SPIA	6,646,574	6,425,243	(221,331)
Alternative investments -			
Fund of fund hedge funds	6,660,500	9,732,552	3,072,052
Private equity investments	14,336,429	17,013,105	2,676,676
Real estate investment funds	5,737,340	5,509,234	(228,106)
Total investments	$ 101,159,460	$ 126,854,131	$ 25,694,671

Principal Financial Group is the custodian for the Foundation's equity securities, debt securities and fund of fund hedge funds.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

As further discussed in Note 6, on July 1, 2016, the Foundation entered into a cash and securities agreement with the Pensacola Museum of Art ("PMA") for the furtherance of the PMA mission. The Foundation acts as a manager of PMA's certificates of deposit and mutual funds which are included in the Foundation's investment balance. These investments are kept separate from the Foundation's investment pool. Balances at June 30 were as follows:

	2024	2023
Certificates of deposit	$ 604,683	$ 563,308
Mutual funds	217,391	195,574
	$ 822,074	$ 758,882

At June 30, 2024 and 2023, housing maintained contingency and improvement reserves which consisted of investments in the amount of $4,453,954 and $5,506,748, respectively. See Note 7 for further discussion of these reserves.

At June 30, 2024 and 2023, the fair market value of all endowed investments was at a level above the minimum required by donor stipulations, totaling $24,742,017 and $17,511,196, respectively. However, individual donor-restricted endowment funds were deficient, totaling $118,602 and $391,429, respectively, where the fair value of the investments at June 30, 2024 and 2023, was less than the level required by the donor stipulations. See Note 9 for further discussion of endowments.

The net return on investments was as follows:

	Total Unrestricted	Total Expendable
Year Ended June 30, 2024 -		
Dividends and interest	$ 5,408	$ 2,220,847
Net realized gain on investments	20,254	8,104,489
Unrealized gain on investments	1,609,890	2,895,996
Total return on investments	$ 1,635,552	$ 13,221,332
Year Ended June 30, 2023 -		
Dividends and interest	$ 5,043	$ 2,033,801
Net realized gain on investments	5,116	2,041,570
Unrealized gain on investments	1,549,735	6,284,855
Total return on investments	$ 1,559,894	$ 10,360,226

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments:

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2024 and 2023, excluding mutual funds, alternative investments, and the external investment pool are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in the book entry form. The external investment pool consists of the Foundation's pro-rata ownership in the pool itself, not in the underlying securities. The pool is invested in a combination of short-term liquid instruments and intermediate term fixed income securities and is uninsured.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single investment manager having a disproportionate or significant impact on the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

Disclosure of any issuer of investments that in the aggregate is 5% or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are exempt). As of June 30, 2024 and 2023, there were no concentrations of credit risk.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024 and 2023, the credit quality ratings of the Foundation's debt securities were as follows:

Standard and Poor's Credit Rating	2024	2023
AAA	$ 12,154,509	$ 11,148,425
AA	3,209,043	790,442
A	3,414,556	3,265,127
BBB	6,491,315	5,262,043
BB	1,091,016	2,605,535
B	770,353	954,050
Below B	308,254	216,775
Unrated	3,642	-
	$ 27,442,688	$ 24,242,397

As of June 30, 2024 and 2023, the external investment pool was rated at AA-f by Standard and Poor's.

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 securities that are directly held by the Foundation.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

As of June 30, 2024, the Foundation's debt securities had the following weighted average maturities:

Total Fair Value	1-5 years	More than 5 years
$ 27,442,688	$ 15,640,211	$ 11,802,477

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued):

As of June 30, 2023, the Foundation's debt securities had the following weighted average maturities:

Total Fair Value	1-5 years	More than 5 years
$ 24,242,397	$ 12,809,085	$ 11,433,312

As of June 30, 2024 and 2023, the external investment pool has an effective duration of 3.23 and 3.02 years, respectively.

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 interest rate risk related to debt and equity securities that are directly held by the Foundation.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. It is the Foundation's policy to limit its exposure to foreign currency risk by limiting the asset allocation in international investments in accordance with the established targets in the approved investment policy. As of June 30, 2024 and 2023, the Foundation did not have any direct investments subject to this risk. As of June 30, 2024 and 2023, the Foundation's assets were held in U.S. currency. The currency risk on international and global assets is absorbed by the underlying investment managers.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements:

The Foundation utilizes various methods to measure fair value of its assets and liabilities on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of hierarchy are:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level of any input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an investment's assigned level as described above.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2024 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)	(NAV)
Assets measured at fair value -					
Equity securities-Domestic & International	$ 76,575,039	$ 72,884,661	$ 3,690,378	$ -	$ -
Debt securities	27,442,688	16,499,987	10,942,701	-	-
External investment pool;					
SPIA	5,044,295	-	-	5,044,295	-
Alternative investments:					
Private equity investments	6,191,646	-	-	6,191,646	-
Real estate investment funds	4,527,544	-	-	4,527,544	-
Total alternative investments	10,719,190	-	-	10,719,190	-
Funds held in trust by others	3,355,188	3,355,188	-	-	-
Contributions receivable, net	4,784,169	-	-	4,784,169	-
Total assets measured at fair value	127,920,569	92,739,836	14,633,079	20,547,654	-
Assets measured at net asset value (NAV) -					
Fund of fund hedge funds	10,644,307	-	-	-	10,644,307
Private equity investments	11,439,090	-	-	-	11,439,090
Total assets measured at NAV	22,083,397	-	-	-	22,083,397
Total assets	150,003,966	92,739,836	14,633,079	20,547,654	22,083,397
Liabilities:					
Funds held in trust	1,623,814	-	-	1,623,814	-
Due to WFHT	1,269,157	-	1,269,157	-	-
Total liabilities	2,892,971	-	1,269,157	1,623,814	-
Total	$ 147,110,995	$ 92,739,836	$ 13,363,922	$ 18,923,840	$ 22,083,397

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2023 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)	(NAV)
Assets measured at fair value -					
Equity securities-Domestic & International	$ 63,368,292	$ 60,993,887	$ 2,374,405	$ -	$ -
Debt securities	24,242,397	13,616,766	10,625,631	-	-
External investment pool;					
SPIA	6,425,243	-	-	6,425,243	-
Alternative investments:					
Private equity investments	5,556,090	-	-	5,556,090	-
Real estate investment funds	5,509,234	-	-	5,509,234	-
Total alternative investments	11,065,324	-	-	11,065,324	-
Funds held in trust by others	3,307,798	3,307,798	-	-	-
Contributions receivable, net	3,731,530	-	-	3,731,530	-
Total assets measured at fair value	112,140,584	77,918,451	13,000,036	21,222,097	-
Assets measured at net asset value (NAV) -					
Fund of fund hedge funds	9,732,552	-	-	-	9,732,552
Private equity investments	11,457,015	-	-	-	11,457,015
Total assets measured at NAV	21,189,567	-	-	-	21,189,567
Total assets	133,330,151	77,918,451	13,000,036	21,222,097	21,189,567
Liabilities:					
Funds held in trust	1,720,127	-	-	1,720,127	-
Due to WFHT	1,137,815	-	1,137,815	-	-
Total liabilities	2,857,942	-	1,137,815	1,720,127	-
Total	$ 130,472,209	$ 77,918,451	$ 11,862,221	$ 19,501,970	$ 21,189,567

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following methods and assumptions were used to estimate the fair value for each class of asset and liability, measured at fair value:

Equity securities - Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Debt securities - Investments in fixed income securities are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis. However, a small segment of debt security holdings is in a High Yield Commingled Fund where there are inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly, and therefore included in Level 2.

External investment pool - Investments in the Special Purpose Investment Account ("SPIA") of the Florida Treasury Pool are classified as Level 3. Participants contribute to this Treasury Pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. At June 30, 2024 and 2023, the unaudited fair value factor was 0.9958 and 0.9667, respectively. The factor is determined by an independent pricing service which uses quoted market prices as well as multifactor models for securities which have no quoted market prices. Additional information may be found in Note 2 to the State of Florida Comprehensive Annual Financial Report ("CAFR") and at the Treasury's website, www.fltreasury.org.

Alternative investments - Investments in private equity partnerships for which there is no readily determinable fair value is classified as Level 3 as the valuation is based on significant unobservable inputs.

<u>Private equity and real estate investment funds</u> for which there are not readily determinable fair values are classified as Level 3 as the valuation is based on significant unobservable inputs. Private equity real estate are partnerships formed for the purpose of acquiring, holding, managing and selling income producing real estate and real estate related assets including interest in joint venture development projects for current income, investment and capital appreciation over a three to five year holding period.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

Funds held in trust by others - Funds held in trust by others are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. The liabilities are classified as Level 3 as they are measured at the present value of the future distributions the Foundation expects to receive over the term of the agreements.

Contributions receivable - Unconditional promises to give that are expected to be collected in future years are recorded at an estimated fair value determined using the discounted present value of expected cash flows. They are classified as Level 3 as the discounts on those amounts are computed using a risk adjusted discount rate applicable at the time promises are received.

Due to WFHT - The amount payable to WFHT is classified as Level 2 as the value correlates directly to the fair value of WFHT's interest in the Foundation's investment pool.

While 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 estimate of fair value at the reporting date.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2024:

	Private Equity	Real Estate	SPIA	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:						
Beginning balance	$ 5,556,090	$ 5,509,234	$ 6,425,243	$ 3,731,530	$ -	$ 21,222,097
Total gains or losses:						
Included in change in net assets	684,544	(1,020,763)	221,331	-	-	(114,888)
Purchases, issuances, sales, and settlements:						
Purchases	1,196,588	39,073	2,909,602	-	-	4,145,263
Settlements	(1,245,576)		(4,511,881)	-	-	(5,757,457)
New pledges, payments, write-offs, and change in fair value:						
New pledges	-	-	-	3,040,500	-	3,040,500
Payments	-	-	-	(1,755,376)	-	(1,755,376)
Write-offs	-	-	-	(21,795)	-	(21,795)
Change in fair value	-	-	-	(210,690)	-	(210,690)
Total assets	6,191,646	4,527,544	5,044,295	4,784,169	-	20,547,654
Liabilities:						
Beginning balance	-	-	-	-	1,720,127	1,720,127
Adjustments	-	-	-	-	(168,703)	(168,703)
Total gains or losses:						
Included in change in net assets	-	-	-	-	256,950	256,950
Settlements	-	-	-	-	(184,560)	(184,560)
Total liabilities	-	-	-	-	1,623,814	1,623,814
Total	$ 6,191,646	$ 4,527,544	$ 5,044,295	$ 4,784,169	$ (1,623,814)	$ 18,923,840

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Private Equity	Real Estate	SPIA	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:						
Beginning balance	$ 4,676,741	$ 5,016,157	$ 7,257,004	$ 3,525,577	$ -	$ 20,475,479
Total gains or losses:						
Included in change in net assets	158,817	(481,302)	398,871	-	-	76,386
Purchases, issuances, sales, and settlements:						
Purchases	1,309,525	1,466,730	3,715,541	-	-	6,491,796
Settlements	(588,993)	(492,351)	(4,946,173)	-	-	(6,027,517)
New pledges, payments, Write-offs:						
New pledges	-	-	-	2,538,000	-	2,538,000
Payments	-	-	-	(2,273,036)	-	(2,273,036)
Write-offs	-	-	-	79	-	79
Change in fair value	-	-	-	(59,090)	-	(59,090)
Total assets	5,556,090	5,509,234	6,425,243	3,731,530	-	21,222,097
Liabilities:						
Beginning balance	-	-	-	-	1,820,783	1,820,783
Adjustments	-	-	-	-	(96,789)	(96,789)
Total gains or losses:						
Included in change in net assets	-	-	-	-	180,693	180,693
Settlements	-	-	-	-	(184,560)	(184,560)
Total liabilities	-	-	-	-	1,720,127	1,720,127
Total	$ 5,556,090	$ 5,509,234	$ 6,425,243	$ 3,731,530	$ (1,720,127)	$ 19,501,970

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following tables set forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 assets and liabilities as of June 30, 2024, excluding investments valued using the practical expedient or the NAV.

Asset or Liability Type		Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Real Estate Investment Fund - Harbert V:					
Real Estate Partnership Interest	$	15,107	Appraisal	Capitalization Rate	9.75%
Real Estate Partnership Interest	$	4,784	Market Transactions	N/A	8.75%
Real Estate Investment Fund - Harbert VI:					
Real Estate Partnership Interest	$	173,000	Direct Capitalization	Capitalization Rate	5.70%
Real Estate Partnership Interest	$	345,491	Market Transactions (a)	N/A	N/A
Real Estate Partnership Interest	$	260,157	Independent Appraisal/Opinion of Value	Capitalization Rate	7.61%
Real Estate Partnership Interest	$	43,993	Discounted Cash Flow Model	Terminal Capitalization Rate	9.00%
				Levered IRR	17.55%
				Revenue Growth Rate	2.68%
Real Estate Investment Fund - Harbert VII:					
Real Estate Partnership Interest	$	545,529	Market Transactions (a)	N/A	N/A
Real Estate Partnership Interest	$	2,537,411	Direct Capitalization	Capitalization Rate	5.47%
Real Estate Partnership Interest	$	523,182	Independent Appraisal/BOV	Capitalization Rate	6.08%
Real Estate Patnership Interest	$	78,890	Discounted Cash Flow Model	Terminal Capitalization	5.50%
				Rate Leverered IRR	16.00%
				Revenue Growth Rate	3.00%
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund II:					
Fund II Common Securities	$	50,426	Market Comparable Companies	EBITDA Multiple	7.4x - 16.8x
Fund II Preferred Securities	$	31,842	Market Comparable Companies	EBITDA Multiple	7.4x - 16.0x
Fund II Preferred Securities	$	453	Cost (Recent Transaction)	N/A	N/A
Fund II Limited Partnership	$	1,680	Market Comparable Companies	EBITDA Multiple	N/A
Fund II Debt Securities	$	633	Waterfall Analysis	EBITDA Multiple	N/A

(a) Market Transactions include related capital expenditures of a particular investment.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

Asset or Liability Type	Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Fund II Debt Securities	$ 3,293	Cost (Recent Transaction)	N/A	N/A
Fund II Debt Securities	$ 28,280	Implied Yield	Yield to Maturity	N/A
Fund II Debt Securities	$ 265,713	Relative Value Analysis	Yield to Maturity	12.1% - 15.5%
Fund III Common Securities	$ 544,551	Market Comparable Companies	EBITDA Multiple	8.0x - 19.3x
Fund III Limited Partnership	$ 746,306	Market Comparable Companies	EBITDA Multiple	10.8x - 19.9x
Fund III Preferred Securities	$ 152,512	Market Comparable Companies	N/A	N/A
Fund III Common Securities	$ 47,003	Cost (Recent Transaction)	N/A	N/A
Fund III Limited Partnership	$ 14,302	Cost (Recent Transaction)	N/A	N/A
Fund III Debt Securities	$ 634,894	Cost (Recent Transaction)	N/A	N/A
Fund III Debt Securities	$ 1,640,932	Relative Value Analysis	Yield to Maturity	11.2% - 14.6%
Private Equity Investments - Golub Capital Partners International:				
Debt Securities	$ 1,800,000	Market Rate Approach	Market Interest Rate	10.1% - 11.2%
Private Equity Investments - AEA Fund VII:				
Debt Securities	$ 228,826	Market Approach (Current Multiple Method)	EBITDA Multiple	11.4x
External Investment Pool:				
SPIA	$ 5,044,295	Factor Times Cost	Value of a $1 contributed multiplied by Treasury determined fair value factor.	0.9958
Contributions Receivable, net	$ 4,784,169	Discounted Present Value	Discounted present value of expected cash flows at a risk- adjusted discount rate applicable at the time promises are received	N/A
Funds Held in Trust - Liabilities	$ (1,623,814)	Factor Times Annuity	Value of $1 paid every year discounted for both mortality and interest multiplied by the annual amount paid to annuitant(s)	N/A

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following tables set forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 assets and liabilities as of June 30, 2023, excluding investments valued using the practical expedient or the net asset value ("NAV").

Asset or Liability Type	Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Real Estate Investment Fund - Harbert V:				
Real Estate Partnership Interest	$ 15,020	Direct Capitalization	Capitalization Rate	9.75%
Real Estate Partnership Interest	$ 17,067	Appraisal/BOV	Capitalization Rate	8.75%
Real Estate Partnership Interest	$ 2,381	Market Transactions	N/A	N/A
Real Estate Investment Fund - Harbert VI:				
Real Estate Partnership Interest	$ 415,903	Direct Capitalization	Capitalization Rate	5.87%
Real Estate Partnership Interest	$ 151,394	Market Transactions (a)	N/A	N/A
Real Estate Partnership Interest	$ 420,672	Independent Appraisal/Opinion Value	Capitalization Rate	6.10%
Real Estate Partnership Interest	$ 104,191	Discounted Cash Flow Model	Terminal Capitalization Rate	7.30%
			Levered IRR	17.60%
			Revenue Growth Rate	2.85%
Real Estate Investment Fund - Harbert VII:				
Real Estate Partnership Interest	$ 2,055,489	Market Transactions (a)	N/A	N/A
Real Estate Partnership Interest	$ 2,028,197	Direct Capitalization	Capitalization Rate	5.18%
Real Estate Partnership Interest	$ 298,920	Independent Appraisal	Capitalization Rate	6.88%
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund II:				
Common Securities	$ 57,343	Market Comparable Companies	EBITDA Multiple	10.0x - 17.0x
Common Securities	$ 14,003	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	$ 23,193	Market Comparable Companies	EBITDA Multiple	10.6x - 17.0x
Preferred Securities	$ 1,936	Waterfall Analysis	N/A	N/A
Debt Securities	$ 22,779	Cost (Recent Transaction)	N/A	N/A
Debt Securities	$ 237,884	Relative Value Analysis	Yield to Maturity	11.6% - 18.9%

(a) Market Transactions include related capital expenditures of a particular investment.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

Asset or Liability Type	Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Private Equity Investments - Portfolio Advisor Credit Opportunities Fund III:				
Common Securities	$ 368,335	Market Comparable Companies	EBITDA Multiple	8.7x - 20.4x
Limited Partnership Interest	$ 143,709	Market Comparable Companies	EBITDA Multiple	11.1x - 12.9x
Common Securities	$ 578,086	Market Comparable Companies	EBITDA Multiple	12.6x - 20.4x
Limited Partnership Interest	$ 43,687	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	$ 43,687	Cost (Recent Transaction)	N/A	N/A
Debt Securities	$ 531,860	Cost (Recent Transaction)	N/A	N/A
Debt Securities	$ 1,736,411	Relative Value Analysis	Yield to Maturity	11.4x - 14.0x
Private Equity Investments - Golub Capital Partners International:				
Debt Securities	$ 1,753,177	Market rate approach	Market interest rate	9.00%
External Investment Pool SPIA	$ 6,425,243	Factor times cost	Value of $1 contributed	0.9667
Contributions receivable, net	$ 3,731,530	Discounted present value	Discounted present value of expected cash flows at a risk-adjusted discount rate applicable at the time promises are received	N/A
Funds Held in Trust - Liabilities	$ (1,720,127)	Factor times Annuity	Value of $1 paid every year discounted for both mortality and interest multiplied by the annual amount paid to annuitant(s)	N/A

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table lists investments in hedge funds and investment limited partnerships by strategy, excluding investments measured at fair value, as of June 30, 2024:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fund of Fund Hedge Funds:				
Equity market neutral	$ 10,644,307	$ -	Quarterly to Semi-annual	95 Days
Private equity investments	11,439,090	2,137,633	N/A*	N/A*
	$ 22,083,397	$ 2,137,633		

* These funds are in private equity structures, with no ability to be redeemed.

The following table lists investments in hedge funds and investment limited partnerships by strategy, excluding investments measured at fair value, as of June 30, 2023:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fund of Fund Hedge Funds:				
Equity market neutral	$ 9,732,552	$ -	Quarterly to Semi-annual	95 Days
Private equity investments	11,457,015	2,639,333	N/A*	N/A*
	$ 21,189,567	$ 2,639,333		

* These funds are in private equity structures, with no ability to be redeemed.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

As of June 30, 2024 and 2023, the Foundation records unconditional promises to give using fair value adjusted for the current year-end at discount rates, ranging from 0% to 47% based on the prevailing five-year Treasury constant maturities. As of June 30, 2024 and 2023, the fair value adjustment to contributions revenue was $651,572 and $440,882, respectively. Multi-year contributions receivable are classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. In 2024 and 2023, there were no transfers of contributions receivable into or out of Level 3.

Unconditional promises to give at June 30, 2024 and 2023, are due as follows:

	2024	2023
In one year or less	$ 1,698,684	$ 1,396,979
Between one and five years	2,697,988	2,134,576
Greater than five years	1,071,117	681,991
Total contributions receivable, gross	5,467,789	4,213,546
Less discounts to net fair value	651,572	440,882
Less allowance for doubtful accounts	32,048	41,134
Net contributions receivable, fair value	$ 4,784,169	$ 3,731,530
Current contributions receivable, net	$ 1,635,467	$ 1,345,997
Noncurrent contributions receivable, net	3,148,702	2,385,533
Total contributions receivable, net	$ 4,784,169	$ 3,731,530

Time-restricted and endowment contributions receivable (gross) not recognized in the statement of net position under the provisions of GASB No. 33 were $9,532,639 and $4,974,850 at June 30, 2024 and 2023, respectively.

Conditional promises to give for state matching funds from the State of Florida Major Gifts Trust Fund amounted to $2,438,052 at June 30, 2024 and 2023. The funds will be forwarded to the Foundation in the event that future appropriations are made by the state legislature.

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30, 2024 and 2023, consist of the following:

	2024	2023
Student loan fund	$ 68,340	$ 68,340
Rent, less allowance of $304,125 in 2024 and $316,280 in 2023	160,334	199,055
Other	23,894	23,476
Net other receivables	$ 252,568	$ 290,871

The Student Loan Fund, established through contributions, provides low-interest, short-term loans to students. All transactions are conducted through the University's cashiers' office. The Student Loan Program is made up of accounts receivable for loans to students, funds held at the University available for loans to students, and funds invested in a quasi-endowment at the Foundation. As of June 30, 2024 and 2023, the Foundation held $326,131 and $292,380, respectively, that was invested in a quasi-endowment. Earnings in the quasi-endowment are transferred to the University, as needed, to support the Student Loan Program.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capitals assets not being depreciated:					
Land	$ 3,059,483	$ -	$ (880,000)	$ -	$ 2,179,483
Construction in progress	555,517	1,561,597	-	(681,947)	1,435,167
Works of art and historical treasures	1,113,070	-	(985,920)	-	127,150
Total capital assets not being depreciated	4,728,070	1,561,597	(1,865,920)	(681,947)	3,741,800
Capitals assets being depreciated:					
Student Housing System	80,165,146	21,506	(60,070)	681,947	80,808,529
Timeless Tanglewood property	5,595,202	-	(5,588,492)	-	6,710
Office equipment and software	541,660	19,840	-	-	561,500
Idle property	1,191,002	-	(1,191,002)	-	-
Total capital assets being depreciated	87,493,010	41,346	(6,839,564)	681,947	81,376,739
Less accumulated depreciation for:					
Student Housing System	46,074,671	3,066,429	(53,062)	-	49,088,038
Timeless Tanglewood property	925,259	140,189	(1,061,085)	-	4,363
Office equipment and software	515,871	8,934	-	-	524,805
Idle property	1,191,002	-	(1,191,002)	-	-
Total accumulated depreciation	48,706,803	3,215,552	(2,305,149)	-	49,617,206
Total capital assets, net	$ 43,514,277	$ (1,612,609)	$ (6,400,335)	$ -	$ 35,501,333

NOTE 5 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capitals assets not being depreciated:					
Land	$ 3,059,483	$ -	$ -	$ -	$ 3,059,483
Construction in progress	490,211	860,603	-	(795,297)	555,517
Works of art and historical treasures	1,113,070	-	-	-	1,113,070
Total capital assets not being depreciated	4,662,764	860,603	-	(795,297)	4,728,070
Capitals assets being depreciated:					
Student Housing System	79,327,696	113,667	(71,514)	795,297	80,165,146
Timeless Tanglewood property	5,595,202	-	-	-	5,595,202
Office equipment and software	527,811	13,849	-	-	541,660
Idle property	1,191,002	-	-	-	1,191,002
Total capital assets being depreciated	86,641,711	127,516	(71,514)	795,297	87,493,010
Less accumulated depreciation for:					
Student Housing System	43,078,570	3,041,933	(45,832)	-	46,074,671
Timeless Tanglewood property	757,030	168,229	-	-	925,259
Office equipment and software	509,777	6,094	-	-	515,871
Idle property	1,191,002	-	-	-	1,191,002
Total accumulated depreciation	45,536,379	3,216,256	(45,832)	-	48,706,803
Total capital assets, net	$ 45,768,096	$ (2,228,137)	$ (25,682)	$ -	$ 43,514,277

Depreciation expense for the years ended June 30, 2024 and 2023 was $3,215,552 and $3,216,256, respectively.

The University's Student Housing System consists of the following: the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively. The buildings are depreciated over their estimated useful lives of 30 years, and the furniture, fixtures, and equipment are depreciated over their useful lives of 5 - 10 years. At June 30, 2024 and 2023, depreciation for the Student Housing System totaled $3,075,363 and $3,048,027, respectively. See Note 11 for further disclosure.

NOTE 5 - CAPITAL ASSETS (Continued)

Timeless Tanglewood property represents a portion of an estate that was gifted to the Foundation in 2018 which consists of a building and furniture and fixtures. The remaining gift is included in land and works of art & historical treasures, stated above. This estate was recognized as the UWF President's Club at Timeless Tanglewood and was used to host related events. In April 2024, the entire Tanglewood Estate was sold excluding a couple items held for future sale. This sale resulted in a loss on sale of $3,622,274 and is included in other nonoperating losses on the statements of revenues, expenses, and changes in net position. The net proceeds from the sale will provide future scholarships to students.

The Foundation routinely evaluates the carrying value of its long-lived assets. The Foundation records impairment losses on long-term assets when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such assets are considered to be impaired, the charge to operations is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

During the year ended June 30, 2016, management decided to take the Southside units, which are part of the University's student housing system, offline. This action was compliant with the covenants in Section 5.14 of all the bond agreements, which allow housing facilities to be abandoned, sold, converted, razed or removed in the event that the facilities are found to be not capable of producing positive net revenues. Management has been considering this action as a portion of these units have been taken offline over the past few years. The Southside units, originally constructed in the 1960's, are the oldest units and maintenance costs have increased each year. It was economically unfeasible to continue to operate these units in their current capacity. In September 2018, the Foundation transferred six of the fifteen units to the University for non-housing use resulting in a loss on transfer of $300,277. During fiscal year 2019, management determined the remaining nine South Side Housing units to be materially and permanently impaired for housing use with a fair market value of zero. These remaining units were considered idle property, with a net carrying value of zero. In March 2024, the Foundation transferred the remaining nine of the fifteen units to the University for non-housing use.

NOTE 6 - RELATED PARTY TRANSACTIONS

At June 30, 2024 and 2023, the Foundation and the University jointly determined an amount for the Foundation to deposit with the University to be used to manage and pay expenses for the Foundation's operations. Payroll, other University departments, and program expenses that are funded from the Foundation are paid through the University utilizing these funds. At June 30, 2024 and 2023, the cash balances held by the University were $863,541 and $361,468, respectively, and were included in due from University.

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

In March of 2013, the Foundation entered into a Memorandum of Understanding with the University of West Florida Historic Trust ("WFHT"), another DSO of the University, where WFHT may transfer current cash assets to the Foundation to invest on their behalf. These funds are invested as a Quasi-Endowment with the Foundation and will be part of the overall investment pool subject to spending and investment policies of the Foundation as agreed to in the memorandum. Funds invested by WFHT in the Foundation's investment pool totaled $1,269,157 and $1,137,815 at June 30, 2024 and 2023, respectively, and are included in due to WFHT.

On July 1, 2016, the assets of Pensacola Museum of Art ("PMA"), an independent not-for-profit corporation, became part of the University. On that date, the Foundation was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately $4.2 million. The historic building and land were transferred to the University and the fine arts collection, furniture and equipment, and all other assets were transferred to WFHT, with the exception of the permanent endowment and cash and cash equivalents. On July 1, 2016, the Foundation entered into a cash and securities agreement with PMA for the furtherance of the PMA mission, as discussed in Note 2. As such, the permanent endowment and cash and cash equivalents remained with the Foundation, which stewards the endowment on behalf of PMA.

As a direct support organization, the Foundation received support from the University in performance of its mission. Salaries and benefits of University employees providing such support total approximately $857,000 and $812,000 in 2024 and 2023, respectively, and are included in general and administrative expenses. The University also provides centralized payroll processing and IT support that the Foundation estimates as immaterial to these financial statements.

At June 30, 2023, the Foundation received University Support in the amount of $571,674 classified as nonoperating revenues. This was a result of property held for investment returned back from the University for disposition.

NOTE 7 - BONDS PAYABLE

The table below presents information about revenue bonds at June 30, 2024, including a schedule of changes for the year then ended:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Publicly issued revenue bonds:					
$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of $720,000 to $1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	$ 19,470,000	$ -	$ (1,450,000)	$ 18,020,000	$ 1,525,000
Unamortized premiums	716,927	-	(42,172)	674,755	-
Publicly issued revenue bonds payable, net of unamortized premiums	20,186,927	-	(1,492,172)	18,694,755	1,525,000
Direct placement revenue bonds:					
$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of $618,500 to $830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	3,940,500	-	(746,000)	3,194,500	765,500
$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of $731,544 to $1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	8,068,620	-	(903,469)	7,165,151	931,652
Direct placement revenue bonds payable	12,009,120	-	(1,649,469)	10,359,651	1,697,152
Total bonds payable, net of unamortized premiums	$ 32,196,047	$ -	$ (3,141,641)	$ 29,054,406	$ 3,222,152

NOTE 7 - BONDS PAYABLE (Continued)

The table below presents information about revenue bonds at June 30, 2023, including a schedule of changes for the year then ended:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Publicly issued revenue bonds:					
$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of $720,000 to $1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	$ 20,860,000	$ -	$ (1,390,000)	$ 19,470,000	$ 1,450,000
Unamortized premiums	759,099	-	(42,172)	716,927	-
Publicly issued revenue bonds payable, net of unamortized premiums	21,619,099	-	(1,432,172)	20,186,927	1,450,000
Direct placement revenue bonds:					
$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of $618,500 to $830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	4,667,500	-	(727,000)	3,940,500	746,000
$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of $731,544 to $1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	8,948,076	-	(879,456)	8,068,620	903,469
Direct placement revenue bonds payable	13,615,576	-	(1,606,456)	12,009,120	1,649,469
Total bonds payable, net of unamortized premiums	$ 35,234,675	$ -	$ (3,038,628)	$ 32,196,047	$ 3,099,469

Interest of $86,621 and $96,706 was accrued on the bonds as of June 30, 2024 and 2023, respectively.

NOTE 7 - BONDS PAYABLE (Continued)

Maturities of the publicly issued revenue bonds are as follows:

For the year ending	Principal	Interest	Total
2025	$ 1,525,000	$ 729,481	$ 2,254,481
2026	1,595,000	653,231	2,248,231
2027	1,670,000	573,481	2,243,481
2028	1,730,000	517,119	2,247,119
2029	1,780,000	456,569	2,236,569
2030-2034	3,895,000	1,668,019	5,563,019
2035-2039	4,755,000	821,213	5,576,213
2040	1,070,000	44,137	1,114,137
	$ 18,020,000	$ 5,463,250	$ 23,483,250

Maturities of the direct placement revenue bonds are as follows:

For the year ending	Principal	Interest	Total
2025	$ 1,697,152	$ 309,968	$ 2,007,120
2026	1,752,408	260,036	2,012,444
2027	1,800,289	208,471	2,008,760
2028	1,850,738	155,497	2,006,235
2029	1,053,615	101,031	1,154,646
2030-2031	2,205,449	103,095	2,308,544
	$ 10,359,651	$ 1,138,098	$ 11,497,749

These bonds are all secured by mortgages on the student housing facilities in addition to a pledge of revenues earned from their operation. The bonds require the Foundation to maintain various covenants, including one that requires student housing room rates to be maintained at a level that provides net revenues at least equal to 120% of annual debt service. The debt service ratio for the year ended June 30, 2024 and 2023 was 134% and 127%, respectively.

NOTE 7 - BONDS PAYABLE (Continued)

In addition, the Foundation must reserve 10% of prior year audited revenues in the Housing operating reserves account (separately stated in Note 2). The Foundation must also make an annual deposit of $200 per available bed into the Housing replacement reserves account. Any remaining reserves are considered Housing contingency and improvement reserves, which totaled $4,453,954 and $5,506,748 at June 30, 2024 and 2023, respectively. The Trust indenture clarifies how and in what order each reserve account can be utilized.

The Foundation was not aware of any violations of the covenants at June 30, 2024 or 2023.

The default provisions for the direct placement revenue bonds differ in the following financial attributes:

Series 2016B - In the event the Series 2016B Bond is determined to be taxable by the Internal Revenue Service or the tax laws or regulations are amended, including, but not limited to, causing the Series 2016B Bond to be taxable, subject to minimum tax, alternative minimum tax, or a change in the corporate tax rate, the interest rate on the Series 2016B Bond can be adjusted by the holder to achieve the same after tax yield. In addition, any amount due under the Series 2016B Bond not paid when due shall be subject to payment of a default rate equal to the interest rate on the 2016B Bond plus 2% per annum from and after ten (10) days after the date due.

Series 2016C - In the event of a default that continues beyond any applicable cure period, the Series 2016C Bond shall be subject to a default rate of interest equal to the then applicable rate of interest plus 2.50% until such default has been cured, waived, or the 2016C Bond has been paid in full.

NOTE 8 - NET POSITION

Expendable net position at June 30, 2024 and 2023, are available for the following purposes:

	2024	2023
Scholarships, student awards and loan funds	$ 19,118,907	$ 12,907,314
Faculty support, professorships and chairs	7,644,144	6,284,252
Foundation reserve fund	5,160,566	4,744,142
Programs and other	35,501,601	35,826,907
Total expendable net position	$ 67,425,218	$ 59,762,615

NOTE 8 - NET POSITION (Continued)

Nonexpendable net position consists of endowment fund assets to be held in perpetuity, with only the income to be expended. The following is a summary of nonexpendable net position at June 30, 2024 and 2023, categorized by the purpose for which the income is expendable:

	2024	2023
Scholarships, student awards and loan funds	$ 47,903,009	$ 39,722,488
Faculty support, professorships and chairs	11,763,613	11,763,613
Programs and other	20,857,971	21,149,157
Total nonexpendable net position	$ 80,524,593	$ 72,635,258

NOTE 9 - ENDOWMENTS

The Foundation's endowments consisted of 356 and 340 individual funds at June 30, 2024 and 2023, respectively, and were established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As discussed in Note 6, the Foundation acts as a steward of PMA's cultural endowment program. As of June 30, 2024 and 2023, the endowment of $822,074 and $758,882, respectively, which excludes cash and cash equivalents of $59,406 and $68,145 respectively, does not follow the Foundation's spending policy. All income from the endowment will provide support to PMA's mission.

Interpretation of Relevant Law -

The Foundation's governing board with guidance from legal counsel has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("Florida UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

NOTE 9 - ENDOWMENTS (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Florida UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a loan from unrestricted net assets. For the period ending June 30, 2024 and 2023, the amount of the loan was $45,187 and $216,156, respectively. The loan considers donor-restricted endowments where the fair value of the investments was less than donor stipulations plus amounts available for spending. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board.

Return Objectives and Risk Parameters -

The Foundation's governing board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce the desired minimum rate of return which is equal to the Consumer Price Index ("CPI") plus 400 basis points (4%) for spending, plus an amount for the operating budget on an annualized basis.

The Foundation's investment committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. Research has demonstrated that portfolio risk is best minimized through diversification of assets. The portfolio of funds is structured to maintain prudent levels of diversification. In terms of relative risk, the volatility of the portfolio is expected to be in line with general market conditions.

Strategies Employed for Achieving Objectives -

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

NOTE 9 - ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation's spending rate is calculated on a three-year average of the market value of the endowments as of June 30. Spending is awarded for endowments greater than $25,000 after a one year waiting period. The approved spending rate was 4.00% for fiscal years ended June 30, 2024 and 2023.

The Foundation strives to balance the donor's desire to fund current program, faculty, and scholarship needs with the commitment to preserve over time the donor's gifts to the endowment corpus. The Foundation takes seriously its responsibility to provide prudent fiduciary management. Despite utilizing a well-diversified investment portfolio strategy and the best good faith efforts of its governing board, there will be times when the fair market value of an endowment may fall below the endowment corpus value creating underwater endowments. In the event an endowment falls underwater, the Foundation will use a step-down spending allocation method to slow the spending from the endowment. The intent of this policy is to attempt to continue to provide spending to support the scholarships, programs, and faculty as designated by the donor and within the limits of Florida laws, while also allowing the endowment to recover more quickly from economic downturns.

The Foundation's operating budget has generally been two percent (2%) of the three-year average of the market value of the investment portfolio. To accommodate both the needs of the university and keeping with the goal of managing the endowment portfolio for the long term the governing board has fixed the amount at a rate of 1.75%.

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2024 are as follows:

	Unrestricted	Expendable	Nonexpendable	Total
Endowment Balance, July 1, 2023	$ 1,696,717	$ 18,538,301	$ 72,635,258	$ 92,870,276
Restricted contributions	20	48,157	6,168,866	6,217,043
Investment income	186,419	10,285,694	-	10,472,113
Net appreciation	42,807	2,617,642	-	2,660,449
Other changes	(33,363)	(1,901,527)	1,720,469	(214,421)
Amounts appropriated for expenditures	-	(3,877,467)		(3,877,467)
Endowment Balance, June 30, 2024	$ 1,892,600	$ 25,710,800	$ 80,524,593	$ 108,127,993

NOTE 9 - ENDOWMENTS (Continued)

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2023 are as follows:

	Unrestricted	Expendable	Nonexpendable	Total
Endowment Balance, July 1, 2022	$ 1,595,368	$ 14,021,037	$ 71,258,481	$ 86,874,886
Restricted contributions	623	41,488	1,280,235	1,322,346
Investment income	73,952	4,058,252	-	4,132,204
Net depreciation	110,421	6,098,970	-	6,209,391
Other changes	(31,685)	(2,244,819)	96,542	(2,179,962)
Amounts appropriated for expenditures	(51,962)	(3,436,627)	-	(3,488,589)
Endowment Balance, June 30, 2023	$ 1,696,717	$ 18,538,301	$ 72,635,258	$ 92,870,276

The earnings from investments, and expenditures from those earnings, related to nonexpendable balances for the years ended June 30, 2024 and 2023 are classified as expendable balances.

As of June 30, 2024 and 2023, $1,411,183 and $1,266,425, respectively, of net assets have been designated as quasi-endowment funds to support the missions of the University. The quasi-endowments resulting from internal designations are classified as unrestricted net position. The quasi-endowments resulting from donor designations are classified as expendable net position.

NOTE 10 - RETIREMENT PLAN

Certain Foundation employees working in regularly established positions of the University are covered by the Florida Retirement System ("FRS"), a State-administered cost-sharing, multiple-employer, public employee defined benefit retirement plan ("Plan"). The Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other non-integrated programs. These include the Plan, a Deferred Retirement Option Program ("DROP"), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program ("PEORP"). Participating employers include all State departments, counties, district school boards, universities and community colleges. Many municipalities and special districts have elected to be participating employers. Essentially all regular employees of participating employers are eligible.

Employees in the Plan prior to July 1, 2011, vest at six years of service, and employees enrolled after July 1, 2011, vest at eight years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to four years of credit for military service.

NOTE 10 - RETIREMENT PLAN (Continued)

The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. The University, as an employer participating in the Plan, paid an amount between 13.63% to 34.52% and 13.57% to 34.52% for 2024 and 2023, respectively, of each individual's salary to the retirement fund. Prior to July of 2011, the Plan was a non-contributory program for the employee. During 2024 and 2023, employees paid an amount of 3.00% into the Plan. Retirement expense for employees participating in this plan was $217,367 and $131,663 for the years ended June 30, 2024 and 2023, respectively.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the plan to defer receipt of monthly benefits payments while continuing employment with an FRS employer. An employer may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Employees participating in this plan did not incur any expenses for the years ended June 30, 2024 and 2023.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. Employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. Retirement expenses for employees participating in this plan were $93,509 and $54,358 for the years ended June 30, 2024 and 2023, respectively.

Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program ("Program") for eligible State University System faculty and administrators. The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions may make an irrevocable election to participate in the Program rather than the Plan, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant an amount equal to a percentage of the participant's gross monthly compensation. The participant may contribute by salary deduction an amount not to exceed the percentage contributed by the University to the participant's annuity account. Contributions made to the Program for fiscal years ended June 30, 2024 and 2023 totaled $82,094 and $65,400, respectively.

The University has established a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), that is a governmental plan as defined under Code Section 414(d), to provide retirement benefits to eligible employees. Retirement expenses paid by the Foundation in 2024 and 2023 for the University President participating in the plan totaled $89,651 and $59,902, respectively.

NOTE 11 - STUDENT HOUSING SYSTEM

The Foundation has a sublease agreement with the Florida Board of Education of the State of Florida on behalf of the University for use of land with certain existing student housing facilities. The lease requires the Foundation to construct additional student housing facilities and to operate the facilities as a consolidated housing system on behalf of the University.

The Student Housing System consists of seven projects, which are the following: the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively.

The terms of the sublease require the Foundation to pay the University rents of $10 per year plus variable rent equal to 100% of the Surplus Earnings from the Student Housing System. Surplus Earnings represent cash flows after payment of the operating costs, debt service and reserves. No variable rent was due for either 2024 or 2023. The sublease agreement was signed in 1998 and ends August 31, 2038. The sublease was amended September 30, 2018, in order to transfer six South Side units back to the University for non-housing use. The sublease was amended on March 8, 2024 in order to transfer the remaining nine South Side units back to the University. See Note 5 for further explanation regarding the South Side units.

The Foundation and the University have a management operating agreement outlining the responsibilities of both parties for the operations of the Student Housing System. The current agreement was signed on December 1, 2016, and is effective until all bonds outstanding are paid in full.

The University has contracted with Apogee Telecom, Inc. to provide high-speed internet and cable to residence halls along with 24-hr customer support. Under the terms of the management operating agreement, the Foundation assumes financial responsibility for the terms of this contract. Fees are payable monthly in advance and are subject to adjustment based on bed count. The contract, executed on March 6, 2020, was signed for an initial term of 72 months. The agreement will renew for a term of 12 months, upon written mutual agreement.

The anticipated annual expenses over the term of the contract are as follows:

For the fiscal year ended:		
2025	$	436,142
2026	$	456,993

SUPPLEMENTARY INFORMATION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF STUDENT HOUSING SYSTEM REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues:		
Rent	$ 10,806,471	$ 10,163,206
Interest	393,584	287,003
Net unrealized and realized gain on investments	142,212	73,390
Other	225,189	233,645
Total revenues	11,567,456	10,757,244
Operating Expenses:		
Salaries and wages	2,266,568	1,851,266
Administrative and general	387,044	495,855
Maintenance and repairs	1,909,693	1,763,650
Insurance	207,545	200,249
Utilities	1,530,762	1,594,090
Interest	1,108,215	1,225,326
Depreciation and amortization	3,075,363	3,048,027
Total operating expenses	10,485,190	10,178,463
Operating Income	1,082,266	578,781
Nonoperating Losses:		
Loss on disposal of capital assets	(7,008)	(25,682)
Excess of Revenues Over Expenses	$ 1,075,258	$ 553,099

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF NET POSITION
(EXCLUDING THE STUDENT HOUSING SYSTEM)
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 3,785,835	$ 4,156,238
Contributions receivable, net	1,635,467	1,345,997
Other receivables, net	88,743	88,325
Due from University	39,987	-
Prepaid expenses	227,303	103,835
Investments	6,459,097	4,615,382
Total current assets	12,236,432	10,309,777
Noncurrent Assets:		
Contributions receivable, net	3,148,702	2,385,533
Investments	131,556,240	116,732,000
Capital assets, net	2,308,978	8,842,495
Assets held under split interest agreements	3,355,188	3,307,798
Other assets	396,570	385,591
Total noncurrent assets	140,765,678	131,653,417
Total Assets	$ 153,002,110	$ 141,963,194

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2024	2023
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,116,163	$ 671,603
Due to University	-	26,382
Total current liabilities	1,116,163	697,985
Noncurrent Liabilities:		
Liabilities under split-interest agreements	1,623,814	1,720,127
Due to West Florida Historic Trust	1,269,157	1,137,815
Total noncurrent liabilities	2,892,971	2,857,942
Deferred Inflows of Resources:		
Split-interest agreements	1,615,603	1,471,900
Net Position:		
Net investment in capital assets	2,308,978	8,842,495
Unrestricted	4,173,914	3,337,286
Restricted -		
Expendable	60,369,888	52,120,328
Nonexpendable	80,524,593	72,635,258
Total net position	147,377,373	136,935,367
Total Liabilities, Deferred Inflows and Net Position	$ 153,002,110	$ 141,963,194

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Scholarships	Other Program Services	Student Housing System	Fundraising	General & Administrative	2024 Total	2023 Total
Provision for uncollectible accounts (recovery)	$ -	$ 21,794	$ (12,155)	$ -	$ -	$ 9,639	$ 66,797
Bond expense	-	-	11,825	-	-	11,825	11,825
Depreciation and amortization	-	140,190	3,075,363	-	-	3,215,553	3,216,256
Equipment	-	90,661	5,946	-	-	96,607	38,523
Housing administrative and general	-	-	57,568	-	-	57,568	82,044
Insurance	-	51,751	207,545	-	20,857	280,153	264,246
Interest	-	-	1,108,215	-	-	1,108,215	1,225,326
Investment and consultant fees	-	33,138	-	-	272,307	305,445	271,100
Lobbying	-	30,000	-	-	90,000	120,000	105,000
Maintenance and repairs	-	-	1,909,693	-	-	1,909,693	1,764,238
Miscellaneous	-	305,359	-	20,107	10,886	336,352	297,095
Office	-	235,657	63,112	182,489	70,330	551,588	505,809
Professional development	-	133,301	9,567	14,249	6,881	163,998	142,683
Professional services	-	905,471	45,021	21,429	95,388	1,067,309	985,824
Public radio program	-	310,851	-	-	-	310,851	327,055
Public relations	-	144,802	-	104,332	19,180	268,314	208,452
Recruitment	-	27,415	-	79	1,277	28,771	22,275
Rental	-	76,813	-	11,552	4,065	92,430	89,507
Salaries and wages	-	2,611,405	2,266,568	325,645	1,727,178	6,930,796	6,373,350
Scholarships	2,899,586	-	-	-	-	2,899,586	2,316,393
Service charges and other fees	-	66,909	151,280	2,006	(122,582)	97,613	129,263
Travel and entertainment	-	469,812	54,880	91,891	24,162	640,745	615,371
University support	-	3,194,710	-	-	2,800	3,197,510	1,034,557
Utilities	-	-	1,530,762	-	-	1,530,762	1,594,090
	$ 2,899,586	$ 8,850,039	$ 10,485,190	$ 773,779	$ 2,222,729	$ 25,231,323	$ 21,687,079

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
CHAIRS UNDER EMINENT SCHOLARS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2024

Name of Gift	Beginning Corpus Balance	Beginning Net Balance	Corpus Contributed During the Year	Net Investment Earnings	Expenditures	Other Expenditures and Transfers	Fund Balance Net of Losses , Expenses & Transfers	Ending Corpus Balance	Ending Total Balance
William Craig Nystul Chair	$ 1,210,852	$ 1,675,658	$ -	$ 226,372	$ 5,176	$ 97,218	$ 1,799,636	$ 1,210,852	$ 1,799,636
John C. Pace, Sr., Business Chair	1,000,000	1,378,917	-	186,284	4,259	80,002	1,480,940	1,000,000	1,480,940
John C. Pace, Sr., Memorial Eminent Scholar	2,644,500	3,728,281	-	503,669	11,516	216,307	4,004,127	2,644,500	4,004,127
John C. Pace, Jr., Distinguished University Professorship	3,966,750	5,592,425	-	755,504	17,273	324,461	6,006,195	3,966,750	6,006,195
Mary Ball Washington Chair	1,320,155	1,715,038	-	231,692	5,297	99,503	1,841,930	1,320,155	1,841,930
Total - Eminent Scholars Program	$ 10,142,257	$ 14,090,319	$ -	$ 1,903,521	$ 43,521	$ 817,491	$ 15,132,828	$ 10,142,257	$ 15,132,828

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2024

Name of Gift	Beginning Corpus Balance	Beginning Net Assets	Corpus Contributed During the Year	Investment Earnings	Investment & Other Expenses	Spending Transfers	Fund Balance Net of Earnings, Expenses & Transfers	Reclass for Spending	Loan from Unrestricted Transfers	Ending Corpus Balance	Ending Total Balance
02001 - Chadbourne Foundation Major Gift Scholarship Endowment	$ 216,434	$ 286,196	$ -	$ 38,663	$ 884	$ 16,595	$ 307,380	$ -	$ -	$ 216,434	$ 307,380
02002 - Pickens Foundation For Education Endowment	162,555	223,965	20,000	33,217	747	13,329	263,106	-	-	182,555	263,106
02004 - Elizabeth R. Woolf Endowment	275,412	375,475	-	50,725	1,160	21,784	403,256	-	-	275,412	403,256
02005 - Banker's Endowment	166,692	250,450	-	33,834	774	14,531	268,979	-	-	166,692	268,979
02006 - Bank of America Scholarship Endowment II	150,000	184,061	-	24,865	569	10,679	197,678	-	-	150,000	197,678
02007 - Women's Athletic Trust Scholarship Endowment	169,683	231,811	100	31,324	716	13,445	249,074	-	-	169,783	249,074
02008 - John C. Pace, Jr. Memorial Scholarship Endw	4,990,415	6,964,215	-	940,825	21,510	404,050	7,479,480	-	-	4,990,415	7,479,480
02009 - John C. Pace, Jr. Scholars Endowment	2,750,690	3,890,301	100	525,571	12,019	225,703	4,178,250	-	-	2,750,790	4,178,250
02010 - Pat & Hal Marcus Historical Archaeology Scholarship Endowment	150,000	193,929	-	26,199	599	11,251	208,278	-	-	150,000	208,278
02011 - Seymour Gitenstein Endowment	200,000	177,644	-	23,999	549	14,149	186,945	-	-	200,000	186,945
02012 - Mattie May Kelly Musical Educational Endowment	163,443	237,318	-	32,060	733	13,769	254,876	-	-	163,443	254,876
02013 - Orville Beckford Endowment for Excellence in Business	150,050	196,990	-	26,612	608	11,429	211,565	-	-	150,050	211,565
02014 - Pre Professional Endowment	165,338	256,548	-	34,658	792	14,884	275,530	-	-	165,338	275,530
02015 - Raymond C. Dyson Endowment I	177,422	251,122	-	33,925	776	14,570	269,701	-	-	177,422	269,701
02016 - Raymond C. Dyson Endowment II	162,282	225,702	-	30,491	697	13,095	242,401	-	-	162,282	242,401
02018 - Baptist Health Care Endowment	170,539	245,285	-	33,137	758	14,231	263,433	-	-	170,539	263,433
02019 - Medical Center Clinic Endowment	164,306	228,614	-	30,884	706	13,264	245,528	-	-	164,306	245,528
02020 - Sacred Heart Allied Health Endowment	163,987	240,979	-	32,555	744	13,981	258,809	-	-	163,987	258,809
02022 - E. W. Hopkins Professorship Endw	175,343	255,593	-	34,529	789	14,829	274,504	-	-	175,343	274,504
02025 - Dorothy C. Martin Endowment	150,005	203,081	-	27,435	627	11,782	218,107	-	-	150,005	218,107
02027 - John C. Pace, Jr. Academic Development Endowment	8,592,090	11,960,661	-	1,615,816	36,943	693,934	12,845,600	-	-	8,592,090	12,845,600
02028 - CHARLOTTE Endowment	150,000	202,686	-	27,382	626	11,759	217,683	-	-	150,000	217,683
02030 - Cacilda Prado Pace Library Endowment	150,646	171,687	50	23,195	532	9,953	184,447	-	-	150,696	184,447
02032 - Kerrigan Daughters' Young Women's Scholarship Endowment	363,645	412,632	-	55,744	1,274	23,579	443,523	-	-	363,645	443,523
02033 - Katharine C. Pace Memorial Endowment	1,700,000	1,891,065	-	255,472	5,841	109,716	2,030,980	-	-	1,700,000	2,030,980
02034 - Chadbourne Foundation Business Ethics Scholarship Endowment	300,000	348,702	-	47,108	1,077	20,231	374,502	-	-	300,000	374,502
02035 - Rotary Club of Pensacola Scholarship Endowment	105,000	121,754	-	16,448	376	7,064	130,762	-	-	105,000	130,762
02036 - John L. Switzer Scholarship Endowment	195,688	228,217	-	30,831	705	13,241	245,102	-	-	195,688	245,102
02037 - Switzer Family Partnership Endowment	198,774	232,119	-	31,358	717	13,467	249,293	-	-	198,774	249,293
02038 - Switzer Brothers' Professorship Endowment	581,859	676,415	-	91,380	2,089	39,244	726,462	-	-	581,859	726,462
02039 - Maygarden Family Scholarship Endowment	189,788	218,984	10,000	30,074	689	12,341	246,028	-	-	199,788	246,028

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2024
(Continued)

Name of Gift	Beginning Corpus Balance	Beginning Net Assets	Contributed During the Year	Investment Earnings	Investment & Other Expenses	Spending Transfers	Net of Earnings, Expenses & Transfers	Reclass for Spending	Loan from Unrestricted Transfers	Ending Corpus Balance	Ending Total Balance
02040 - Leola S & Lawrence A Alexander, Jr. Memorial Scholarship End	282,852	336,181	-	45,416	1,038	19,505	361,054	-	-	282,852	361,054
02041 - C. L. Fountain Family Scholarship Endowment	110,805	127,844	1,200	17,356	431	7,266	138,703	-	-	112,005	138,703
02043 - Blue Cross & Blue Shield of Florida Endowed Nursing Scholars	155,673	178,630	-	24,132	552	10,364	191,846	-	-	155,673	191,846
02045 - Gulf Power Engineering Scholarship Endowment	152,700	175,083	-	23,653	541	10,158	188,037	-	-	152,700	188,037
02047 - Smart Chemistry Seminar Series Endw	161,579	179,405	-	24,237	554	10,409	192,679	-	-	161,579	192,679
02052 - T. T. Wentworth, Jr. Historical Foundation Museum Curator En	151,240	162,866	-	22,002	503	9,449	174,916	-	-	151,240	174,916
04069 - Abe Levin Professorship Endowment	253,166	338,163	1,045	45,785	1,087	19,610	364,296	-	-	254,211	364,296
04070 - Lefferts L. and Margaret M. Mabie Endowment	325,239	426,279	-	57,588	1,317	24,732	457,818	-	-	325,239	457,818
04101 - Jane G. and Fred K. Seligman Endowed Scholarship	207,251	237,826	-	32,129	735	13,798	255,422	-	-	207,251	255,422
04104 - National Defense Inst. Assoc, Gulf Coast Chptr Schp Endow	150,000	170,464	-	23,029	527	9,890	183,076	-	-	150,000	183,076
04150 - Alfred I. duPont Foundation, Inc. Scholarship Endowment	635,000	711,076	50,000	99,665	2,270	39,772	818,699	-	-	685,000	818,699
	$ 25,987,591	$ 34,628,018	$ 82,495	$ 4,685,308	$ 107,181	$ 2,010,832	$ 37,277,808	$ -	$ -	$ 26,070,086	$ 37,277,808

COMPLIANCE SECTION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024

State Grantor **Pass-through Grantor** **State Program Title**	CSFA Number	State Expenditures
Florida Department of Education and Commissioner of Education:		
Major Gifts Program	48.074	$ 1,694,727
Florida Department of Highway Safety and Motor Vehicles:		
University of West Florida License Plate Project	76.036	41,872
Total State Financial Assistance		$ 1,736,599

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH SECTION 215.97, *FLORIDA STATUTES* AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of University of West Florida Foundation, Inc. (the "Foundation") with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* that could have a direct and material effect on the Foundation's major state project for the year ended June 30, 2024. The Foundation's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major State Project

We have audited the Foundation's compliance with the types of compliance requirements described in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on the Foundation's major state projects for the year ended June 30, 2024. The Foundation's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

We are required to be independent of the Foundation and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of state statutes, regulations, rules, and provisions of contracts or award agreements applicable to its state projects.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
October 8, 2024

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the University of West Florida Foundation, Inc.

2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the University of West Florida Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General.

5. The auditor's report on compliance for the major state project for the University of West Florida Foundation, Inc. expresses an unmodified opinion.

6. There are no audit findings relative to the major state project for the University of West Florida Foundation, Inc. which are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.

7. The project tested as major was:

   University Major Gifts Program (CSFA No. 48.074)

8. The threshold for distinguishing Type A and B programs was $750,000 for the major state projects.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements which are reported in accordance with *Government Auditing Standards.*

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

None

D. OTHER ISSUES

No Summary Schedule of Prior Year Findings is required because there were no findings required to be reported under the Florida Single Audit Act.

MANAGEMENT LETTER

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of University of West Florida Foundation, Inc. (the "Foundation"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated October 8, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
October 8, 2024

To Management and the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

We have audited the financial statements of the University of West Florida Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 30, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements.

We noted no transactions entered into by the University of West Florida Foundation, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Foundation's financial statements were:

> Management's estimate of the fair value and collectability of promises to give is based on signed pledge cards, historical collection rates and an analysis of the collectability of individual promises. Management's periodic evaluation of this estimate and the underlying assumptions used are based on the Foundation's experience, various known and inherent risks, and current economic conditions.
>
> Management's estimate of the fair value of investments is based on various methods, which include unadjusted quoted market prices, observable inputs based on both active and inactive markets, and unobservable inputs that are supported by little market activity. Management's periodic evaluation of this estimate is based on the Foundation's experience, various known and inherent risks, and current economic conditions.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of long-term investments, related net return on investments, and fair value measurements in Note 2 to the financial statements.

- The disclosure of endowment fund investment and spending policies under Florida UPMIFA in Note 9 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the following supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

a. Schedules of Student Housing System Revenues and Expenses
b. Schedules of Net Position (Excluding the Student Housing System)
c. Schedules of Functional Expenses
d. Chairs Under Eminent Scholars Program - Schedule of Receipts, Expenses and Endowment Balances
e. Major Gifts Program - Schedule of Receipts, Expenses and Endowment Balances

Restriction on Use

This information is intended solely for the information and use of the Foundation's audit committee, Board of Directors, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Saltmarsh Cleaveland & Gund

Pensacola, Florida
October 8, 2024

APPENDIX A

Schedule of Uncorrected Misstatements
As of and for the Year Ended June 30, 2024

Account	Description	Debit	Credit
Proposed JE # 301			
To record the CY effect of the PY passed audit adjustments #301 & #302 (FMV Adj).			
29-42400	UNREALIZED GAIN/LOSS	79,461.00	
29-42400	UNREALIZED GAIN/LOSS	176,154.00	
28-34000	NET ASSETS - TEMP RESTRICTED OTHER		79,461.00
28-34000	NET ASSETS - TEMP RESTRICTED OTHER		176,154.00
Total		**255,615.00**	**255,615.00**
Proposed JE # 302			
To adjust fair market value and unrealized gain for Conway investment			
10-14755	CONWAY RIEF ONSHORE	118,951.00	
28-42400	UNREALIZED GAIN/LOSS		118,951.00
Total		**118,951.00**	**118,951.00**
Proposed JE # 303			
To true-up MV to 6/30 balances RE investments			
10-14603	HARBERT REAL ESTATE VII	20,696.00	
10-14601	HARBERT REAL ESTATE V		3,112.00
10-14602	HARBERT REAL ESTATE VI		7,819.00
29-42400	UNREALIZED GAIN/LOSS		9,765.00
Total		**20,696.00**	**20,696.00**
Proposed JE # 304			
To true-up MV to 6/30 Alternative Investments			
10-14730	PA DIRECT CREDIT OPPORTUNITIES FUND II	13,234.00	
10-14731	PA DIRECT CREDIT OPPORTUNITIES FUND III	105,005.00	
10-14735	PA SECONDARY FUND III (OFFSHORE), L.P.	45,020.00	
10-14740	PORTFOLIO ADV X PRIV EQUITY	151,759.00	
10-14745	PA SECONDARY FUND IV (OFFSHORE), L.P.	80,179.00	
10-14750	GOLUB CAPITAL PARTNERS	31,823.00	
10-14700	STEPSTONE PIONNER CAPITAL III, LP		106,165.00
10-14715	AEA INVESTOR FUND VIII		61,624.00
10-14720	PORTFOLIO ADV V PRIV EQUITY		13,129.00
10-14725	PORTFOLIO ADV VII PRIV EQUITY		11,160.00
29-42400	UNREALIZED GAIN/LOSS		234,942.00
Total		**427,020.00**	**427,020.00**
Proposed JE # 305			
To record Blackbaud subscription assets and liability prior to implementation in accordance with GASB 96			
10-13200	PREPAID - OTHER EXPENSES	344,807.00	
10-20350	OTHER PAYABLES		113,816.00
10-31000	NET ASSETS - UNRESTRICTED		117,176.00
10-70220	COMPUTER - SOFTWARE SUPPORT		113,815.00
Total		**344,807.00**	**344,807.00**

Board of Trustees
Audit and Compliance Committee
November 14, 2024

Business Enterprises, Inc. Audited Financial Statements June 30, 2024

Recommended Action:
Accept the Business Enterprises, Inc. financial statements for June 30, 2024, audited by James Moore & Company.

Background Information:
Pursuant to Florida Statute 1004.28[1] and BOG Regulation 9.011(5)[2], organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida Board of Trustees. The financial statements of Business Enterprises, Inc. have been audited by independent certified public accountants for the fiscal year ending June 30, 2024.

Master Management Agreement dated July 6, 2021, between the University of West Florida and UWF Business Enterprises, Inc. (BEI) Section 5 of the agreement states: *"Financial and Other Reports. The Corporation shall provide the University such reports and audits as are required by the Act or the MOU for Operations between the Parties."*

The auditors found that these financial statements present fairly, in all material respects, the financial position of BEI as of June 30, 2024, and they found no instances of noncompliance. Financial Highlights: BEI received its largest dining services commission yet of $426,270 in 2024. Bookstore sales have been in decline over the last several years; however, this is considered beneficial to UWF students, since this decline is due to the increased availability of lower-cost course material options to students. Commissions grew to $270,553 in 2024 mostly due to increased bookstore merchandise sales. Argonaut Village had full occupancy in 2024. BEI completed the sale of Building 8 in February 2024, with a gain on the sale of $243,886.

[1] 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

[2] 9.011(5) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review."

Implementation Plan:
N/A

Fiscal Implications:
Fiscal oversight by the Board of Trustees.

Relevant Authority:
Section 1004.28 Florida Statutes, BOG Regulation 9.011

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. Business Enterprises, Inc. Audited Financial Statements June 30, 2024

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:
Cindy Talbert

UWF BUSINESS ENTERPRISES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
UWF Business Enterprises, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UWF Business Enterprises, Inc. ("BEI"), a direct-support organization and component unit of the University of West Florida, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise BEI'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 financial position of UWF Business Enterprises, Inc. as of June 30, 2024 and 2023, and the changes in its financial position and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWF Business Enterprises, 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 opinion.

Responsibilities of Management for the Financial Statements

BEI's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 UWF Business Enterprises, 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.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 UWF Business Enterprises, 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 UWF Business Enterprises, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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

The schedule of general and administrative expenses and schedule of Argonaut Village expenses are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 general and administrative expenses and schedule of Argonaut Village 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 on September 10, 2024 on our consideration of UWF Business Enterprises, Inc.'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 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 UWF Business Enterprises, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
September 10, 2024

This section of the UWF Business Enterprises, Inc.'s ("BEI") annual financial report presents our discussion and analysis of the financial performance of BEI for the fiscal years ended June 30, 2024, 2023, and 2022. This discussion has been prepared by management.

Because the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Basic Financial Statements.

Reporting Entity

At the September 23, 2011, University of West Florida ("the University") Board of Trustees meeting, a motion was passed unanimously by Board members to establish a new Direct Support Organization of the University under Florida Statute Section 1004.28 and University Regulation 5.016. BEI was established as a Florida not-for-profit corporation.

On October 18, 2011, BEI's Articles of Incorporation were filed under the laws of the State of Florida, and were certified by the Florida Department of State Division of Corporations on October 19, 2011.

BEI received official notice from the IRS of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code on April 17, 2012. UWF Business Enterprises Inc. received tax-exempt status under code section 170(b)(1)(A)(v) as a governmental unit political subdivision.

BEI was established to build and manage public-private partnerships, create new services and businesses to support the University campus community, and enhance current auxiliaries and businesses to increase alternate sources of revenue for the University.

BEI is focused on entrepreneurial ideas that will enhance academic training and enhance university-community life, allowing the University to continue to develop and grow, and increase revenue from alternate sources to further the University's strategic priorities.

In May 2018 the University appointed Dr. Edward Ranelli, Dean Emeritus and Professor of the UWF College of Business, to serve as CEO. Previously, Dr. Ranelli was appointed as the President's Designee to the BEI Board of Directors and then effective May 8, 2017, was elected to serve as BEI Board Treasurer.

In November 2022, the BEI Board of Directors approved a revision of the BEI Bylaws. The revised bylaws were approved by the UWF General Counsel in December 2022. The purpose of the revision included reducing the number of BEI board members. An election of officers was held in April 2023 and the number of BEI Board members decreased to three with a Chairperson, Vice Chairperson, and Secretary-Treasurer.

Overview of the Financial Statements

The basic financial statements presented herein include all activities of BEI, as prescribed by statements of the Government Accounting Standards Board ("GASB"). BEI is a component unit of the University, from inception on October 18, 2011, through the period end, June 30, 2024.

The statement of net position presents information on all BEI's assets and liabilities. Assets less liabilities equal the organization's net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of BEI is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how BEI's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information about the cash receipts and cash payments of BEI from July 01, 2022 through June 30, 2023 and July 01, 2023 through June 30, 2024. It provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on BEI's financial position of its cash and its noncash investing, capital, and related financing transactions during the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in BEI's basic financial statements. The notes are included immediately following the basic financial statements within this report.

Schedules provide supplementary information on expenses by BEI activity reported on the statement of revenues, expenses, and changes in net position. The schedules follow the notes to the basic financial statements.

Summary of Financial Condition

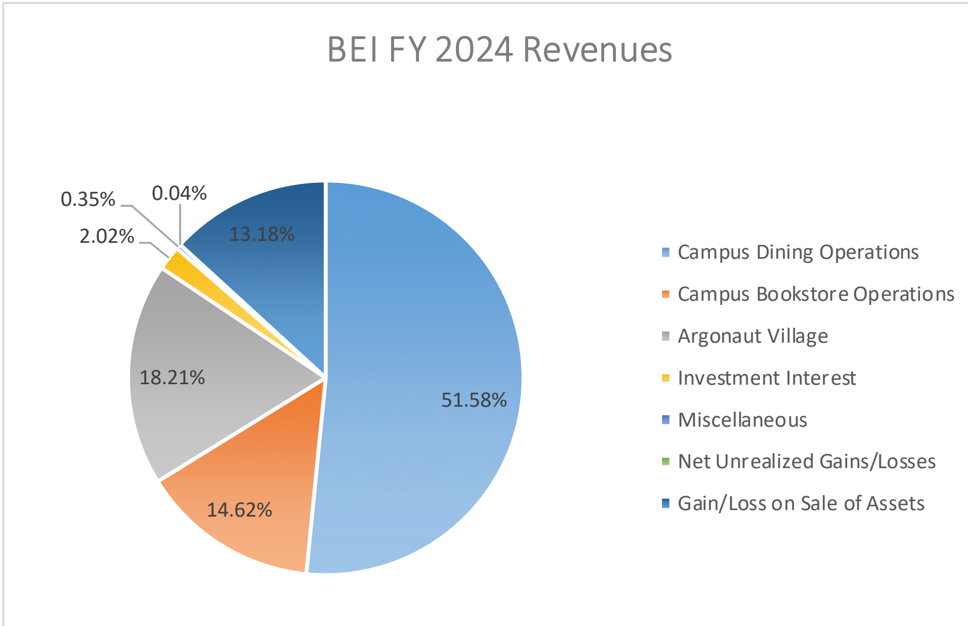
As noted earlier, net position may serve over time as a useful indicator of BEI's financial position.

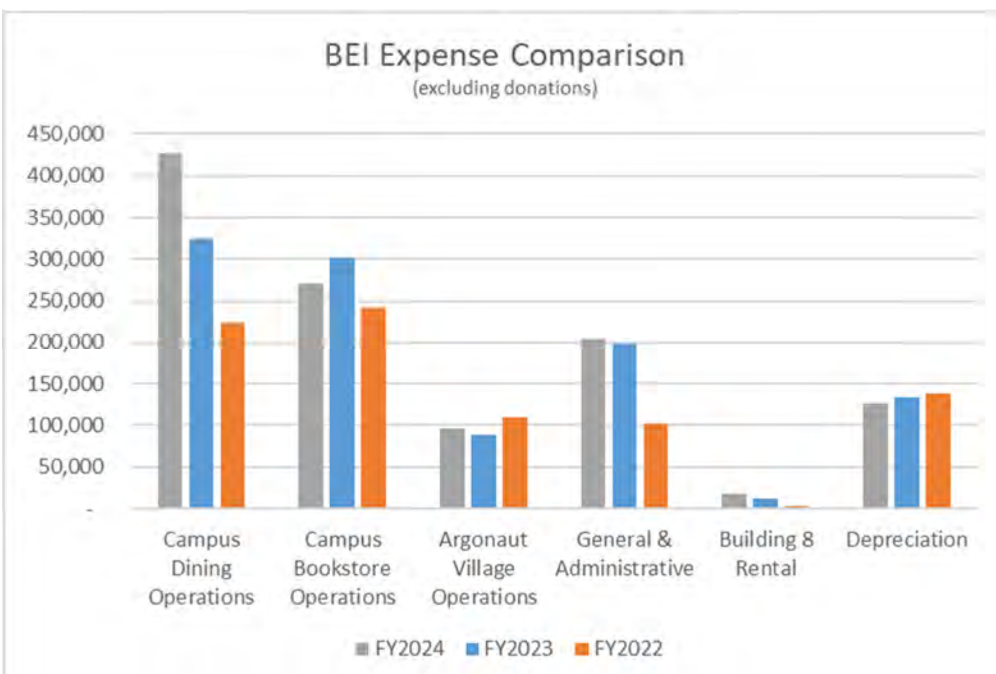
Condensed Statements of Net Position

	2024	2023	2022
Assets			
Total assets, excluding capital assets	$ 3,606,816	$ 2,946,267	$ 2,293,282
Capital assets, net	3,244,614	3,498,962	3,632,223
Total Assets	$ 6,851,430	$ 6,445,229	$ 5,925,505
Liabilities			
Current liabilities	$ 676,557	$ 600,140	$ 576,335
Noncurrent liabilities	6,776,915	7,304,986	7,833,057
Total Liabilities	$ 7,453,472	$ 7,905,126	$ 8,409,392
Deferred Inflows	$ 2,018,983	$ 1,868,341	$ 1,320,994
Net Position			
Investment in capital assets	3,244,614	3,498,962	3,632,223
Unrestricted	(5,865,639)	(6,827,200)	(7,437,104)
Total Net Position	(2,621,025)	(3,328,238)	(3,804,881)
Total Liabilities, Deferred Inflows and Net Position	$ 6,851,430	$ 6,445,229	$ 5,925,505

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Revenues			
Food Service Commissions	$ 426,270	$ 323,572	$ 224,081
Bookstore Commissions	270,553	301,690	242,201
Deferred Revenues	528,071	543,071	588,071
Building Eight Rent	-	30,189	31,019
Argonaut Village Rent	336,925	323,439	238,182
Investment Income	37,293	5,856	-
Contributions and In-kind	6,166	6,689	4,155
Miscellaneous Income	351	195	329
Total Revenues	1,605,629	1,534,701	1,328,038
Expenses			
Food Service Management	426,275	323,969	223,682
Bookstore Management	270,553	301,690	242,201
General and Administrative	204,967	198,671	102,243
Building Eight	18,479	8,871	3,378
Argonaut Village	96,429	88,581	109,025
Depreciation	126,384	133,261	138,969
Total Expenses	1,143,087	1,055,043	819,498
Non-Operating Revenue(Expenses)			
Contributions to UWF	-	(3,015)	-
Gain(loss)	243,886	-	-
Unrealized Gain	785	-	-
Total Non-Operating Revenue(Expenses)	244,671	(3,015)	-
Change in net position	707,213	476,643	508,540
Net position - July 1	(3,328,238)	(3,804,881)	(4,313,421)
Adjustments to Beginning Net Position (1)	-	-	-
Net Position, Beginning of Year, as Restated			
Net Position - June 30	$ (2,621,025)	$ (3,328,238)	$ (3,804,881)


BEI FY 2024 Revenues
0.35%
0.04%
2.02%
13.18%
18.21%
51.58%
14.62%
Campus Dining Operations
Campus Bookstore Operations
Argonaut Village
Investment Interest
Miscellaneous
Net Unrealized Gains/Losses
Gain/Loss on Sale of Assets


BEI Expense Comparison
(excluding donations)
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
Campus Dining Operations
Campus Bookstore Operations
Argonaut Village Operations
General & Administrative
Building 8 Rental
Depreciation
FY2024
FY2023
FY2022

Financial Highlights

Beginning in the fall session of 2021, commissions improved as challenges with COVID-19 decreased and more students and faculty returned to campus. BEI received $224,081 for the fiscal year ending June 30, 2022. The fall and spring sessions of the fiscal years 2023 and 2024 proved to be a solid return to pre-pandemic faculty and staff attendance on campus. BEI received its largest commission since entering into the Management Services Contract at $426,270.

Due to the disruption of regular operations in response to the global pandemic, BEI and Aramark entered into a Memorandum of Understanding (MOU) agreement on July 14, 2020. The amendment supplements the original agreement and most notably waives the right to receive the full minimum guaranteed annual commission for 2020. In November 2020, a second amendment was signed. It essentially eliminated the minimum guaranteed commission for the fiscal year 2021, extinguished the rollover of in-kind catering balances remaining, and extended the amortization period of the capital dining improvements by five (5) years until May 2038. In June 2022, a third amendment was signed. It again removed the minimum guarantee and changed the commission rate from 6% to 5% for the fiscal year 2022. To grow the dining program, two (2) new commuter Dining Dollar meal plans were created for fall 2021. These plans offered great value at an affordable rate that gave the student flexibility in their dining choices. In June 2023, a fourth amendment was signed. It sustained the removal of the minimum guarantee and changed the commission rate from 6% to 7% for the fiscal year 2024.

While the bookstore sales have been in decline over the last several years, these previous sales declines have not been a significant concern to BEI management because this reduction is generally due to the increased availability of lower-cost course material options to students. These lower-cost options are beneficial to both the UWF students and University metrics. To compensate for the sales declines, the bookstore increased merchandise sales in the fiscal year 2023. The bookstore commissions received for fiscal year June 30, 2023, and June 30, 2024, were $301,690 and $270,553, respectively. Commissions in the fiscal year 2024 were greater than the vendor's minimum guarantee by $21,838. In July 2020, UWF-BEI and Follett executed Amendment 4 to their operating agreement, dated 2009, to include the Follett ACCESS Program Course Materials. This program delivers all required course materials to students as part of their tuition thus ensuring students have all required course material on or before the first day of class.

BEI assumed the management responsibility of the East Campus (Argonaut Village) retail location upon the termination of the contract with the prior dining services vendor on May 6, 2018. In its sixth year of management of the Argonaut Village facility, BEI earned rental income directly from tenant leases, with full occupancy during the fiscal year 2024.

BEI has a significant vendor who is behind on payments. The payments due to BEI are anticipated to be fully collected.

BEI completed the sale of Building 8 on February 28, 2024. A gain of $243,886 on the sale was recorded.

Due to BEI accomplishing full operations, the CEO's salary was taken on at full cost during the fiscal year 2023. To further improve financial operations, BEI initiated an Investment Policy and opened investment accounts in April 2023. BEI investments resulted in interest income for fiscal years June 30, 2023, and June 30, 2024, of $5,856 and $37,293, respectively.

Campus Bookstore and Dining

BEI receives commissions based on sales from both the dining services and bookstore services vendors for campus operations. From these funds, BEI provides agreed-upon, budgeted payments to the University for direct auxiliary support management and reserves.

In the spring of 2017, BEI requested formal presentations/proposals from alternative dining services providers for operation of the University's resident dining facility, operation of the campus retail dining establishments including new competitive franchises, catering services, concession services for UWF Intercollegiate Athletics and other events, and operation of the Starbucks located at the Argonaut Village facility. During early summer 2017, the financial proposals were reviewed, leading to concurrence to proceed with the initial steps for the transition to a new dining services provider.

BEI entered into a Management Services Contract with Aramark effective May 6, 2018. The initial term of the agreement is ten (10) years, with an option to extend for an additional five (5) years upon agreement of both parties. Under the Management Services Contract, BEI is paid a commission during each operating year of the agreement. After the execution of the contract, BEI received $6.1 million from Aramark to repay the unamortized balance of the capital investments and the balance of unearned advanced commission BEI owed to the former dining services vendor. BEI also received $900,000 as an unrestricted grant to be used in furthering BEI's mission. The new dining services vendor also made a financial commitment to BEI in the agreement to invest $3.575 million for dining facility renovations, including the purchase and installation of food service equipment and signage. The $6.1 million contract buyout funds, the $900,000 unrestricted grant, and the $3.575 million capital investment are recorded as unearned income and amortized to revenue on a straight-line basis. Upon expiration or termination of the Management Services Contract by either party prior to the complete amortization of the capital investments disbursed as of the date of expiration or termination, BEI must reimburse the dining services vendor for the unamortized balances within 120 days.

Certain capital investments made by the dining services and bookstore services vendors under the respective agreements with BEI ultimately become the property of the University. In recognition of this transfer of capital investments completed and placed into service, BEI's Statement of Revenues, Expenses, and Changes in Net Position report a donation from BEI to the University. Donation from the dining services vendor was $1.050 million for the fiscal year ended June 30, 2020. After these expenditures, the $3.575 million capital investment commitment has a small balance remaining of about $200 thousand. These funds are planned for use to refresh dining facilities in the future.

BEI and Follett Higher Education Group, Inc. entered into a Bookstore Operating Agreement on August 18, 2009. Effective November 15, 2016, BEI and the bookstore services vendor entered into Amendment Number Three to the Bookstore Operating Agreement, Amendment Number Three provided the following terms: extended the contract for an additional two (2) year period through September 30, 2024; confirmed the remaining unamortized balance of the initial contribution made in October 2012 will continue to be amortized through September 30, 2022; increased the commission rate for the period from July 1, 2022, through the end of the contract term; and provided for an investment of $300,000 to be allocated to the build-out of the Argonaut Village Argo Fan Shop and renovations to the main campus bookstore. As of June 30, 2021, approximately $295,000 was invested by the bookstore services vendor in the Argonaut Village Argo Fan Shop. The University bookstore vendor actively and continuously seeks avenues to improve service to the campus community.

Follett began operations in the new Argo Fan Shop located at the Argonaut Village facility in fiscal year 2018 and terminated the lease effective May 31, 2021. The Argo Fan Shop sold only UWF branded gifts, clothing, and accessories. The Bookstore has continued its partnership with UWF Intercollegiate Athletics and is again the official provider of UWF emblematic merchandise at the home football games held on campus.

Argonaut Village

As part of the capital improvements under the Main Campus Dining Agreement, the former dining services vendor invested $3.85 million to develop and construct over 13,100 gross square feet of mixed-use commercial and restaurant buildings at the east entrance of campus. The East Campus/Argonaut Village facility construction of the building shell level was completed in 2015. BEI executed a Lease Agreement with the former dining services vendor to sub-lease the space (i.e., act as Property Manager on behalf of BEI) to various businesses for operation. Upon termination of the Main Campus Dining Agreement effective May 5, 2018, the Lease Agreement terminated. On May 6, 2018, management of the Argonaut Village facility became the responsibility of BEI. BEI entered into lease agreements with the current tenants. Build-outs for all the units were complete as of 2019. The facility was fully leased with the occupancy of Building 1 in September 2019. Build-out costs for Building 1 of $614 thousand were shared with the tenant. In February 2020, BEI made a capital improvement of about $14 thousand with the installation of an exterior electric sign. In June 2024, the exterior electric sign was disposed of and BEI made a capital investment of about $102 thousand with the installation of a new exterior digital sign, which identifies the shopping center by name.

Other Items

BEI continues to focus strategically on Argonaut Village development and management. There have been recent changes to the Designated Support Organization (DSO) Florida Statute Section 1004.28. Under the new legislative guidelines, BEI will continue to evaluate its purpose to advance the mission of the University. Currently, there are no new projects planned.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to UWF Business Enterprises, Inc., 11000 University Parkway, Building 20E, Pensacola, FL 32514

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,177,791	$ 721,142
Certficates of deposit	-	176,981
Accounts receivable, net	130,094	43,472
Prepaid expenses and other assets	23,853	27,213
Lease receivable	131,752	101,982
Investments	99,656	-
Interest receivable, leases	6,637	11,397
Total current assets	1,569,783	1,082,187
Noncurrent assets		
Long term lease receivable	2,037,033	1,864,080
Capital assets, net	3,244,614	3,498,962
Total assets	$ 6,851,430	$ 6,445,229
LIABILITIES		
Current liabilities		
Accounts payable	$ -	$ -
Accrued liabilities	8,068	8,843
Due to the University of West Florida	140,418	63,226
Unearned service and management arrangement income, current portion	528,071	528,071
Total current liabilities	676,557	600,140
Noncurrent liabilities		
Unearned service and management arrangement income, long term portion	6,776,915	7,304,986
Total Liabilities	$ 7,453,472	$ 7,905,126
DEFERRED INFLOWS		
Deferred inflows		
Leases	$ 2,018,983	$ 1,868,341
Total Deferred Inflows	$ 2,018,983	$ 1,868,341
NET POSITION		
Net position		
Net investment in capital assets	$ 3,244,614	$ 3,498,962
Unrestricted	(5,865,639)	(6,827,200)
Total Net Position	$ (2,621,025)	$ (3,328,238)

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

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating revenues		
Food service commissions	$ 426,270	$ 323,572
Bookstore commissions	270,553	301,690
Service and management arrangements	528,071	543,071
Lease revenue	336,925	353,628
Miscellaneous income	6,517	6,884
Total operating revenues	1,568,336	1,528,845
Operating expenses		
Food service management	426,275	323,969
Bookstore management	270,553	301,690
General and administrative	204,967	198,671
Building Eight	18,479	8,871
Argonaut Village	96,429	88,581
Depreciation	126,384	133,261
Total operating expenses	1,143,087	1,055,043
Operating income	425,249	473,802
Nonoperating revenues (expenses)		
Interest income	37,293	5,856
Unrealized gain on investments	785	-
Contributions to UWF	-	(3,015)
Gain on sale of capital assets	243,886	-
Total nonoperating revenues (expenses)	281,964	2,841
Change in net position	707,213	476,643
Net position, beginning of year	(3,328,238)	(3,804,881)
Net position, end of year	$ (2,621,025)	$ (3,328,238)

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

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Cash received from contracts	$ 906,322	$ 898,726
Cash payments to suppliers for goods and services	(924,201)	(892,358)
Net cash provided by (used in) operating activities	(17,879)	6,368
Cash flows from investing activities		
Purchase of certficate of deposit	-	(176,981)
Proceeds from redemption of certificate of deposit	176,981	-
Purchase of investments	(98,871)	-
Investment income	37,293	5,856
Net cash provided by (used in) investing activities	115,403	(171,125)
Cash flows from capital and related financing activities		
Purchase of capital assets	(102,375)	-
Sale of capital asset	461,500	-
Net cash provided by financing activities	359,125	-
Increase (decrease) in cash and cash equivalents	456,649	(164,757)
Cash and cash equivalents, beginning of year	721,142	885,899
Cash and cash equivalents, end of year	$ 1,177,791	$ 721,142
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$ 425,249	$ 473,802
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	126,384	133,261
Loss on disposal of assets	12,725	-
Decrease (increase) in accounts receivable	(86,622)	(31,781)
Decrease (increase) in prepaid expenses	3,360	(9,381)
Decrease (increase) in lease receivable	(202,723)	(595,009)
Decrease (increase) in interest receivable	4,760	(4,589)
Increase (decrease) in due to UWF	77,192	45,561
Increase (decrease) in accounts payable	-	(1,160)
Increase (decrease) in accrued liabilities	(775)	(5,596)
Increase (decrease) in unearned revenue	(528,071)	(543,071)
Increase (decrease) in deferred inflows	150,642	547,347
Total adjustments	(443,128)	(464,418)
Net cash provided by (used in) operating activities	$ (17,879)	$ 9,384

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

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of UWF Business Enterprises, Inc. ("BEI"), which affect significant elements of the accompanying financial statements:

(a) **Organization and operations**— UWF Business Enterprises, Inc. was formed in 2011 as a Florida corporation, organized as a direct support organization of the University of West Florida (the University or UWF) under Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University. BEI was organized forthe explicit purpose of supporting the University of West Florida by the development of properties and facilities used or useful in the University's educational endeavors, to lessen the burdens of government and provide assistance to the faculty, staff and students of the University. BEI is a public charity under section 501(c)(3) of the Internal Revenue Code.

(b) **Basis of presentation and accounting**— Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurements focus applied.

The accompanying financial statements of the business-type activities of BEI have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. BEI applies all applicable GASB pronouncements.

BEI uses enterprise fund accounting. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues arerecorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

(c) **Operating revenues and expenses**—Operating revenues and expenses generally result from providing services in connection with Dining Services, Bookstore Services, and Argonaut Village. Operating revenues are from commissions, service and management arrangements, contributions in kind and rental operations. Operating expenses are primarily from food and bookstore management, management of rental facilities, donations to the University, general and administrative, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) **Cash and cash equivalents**— For the purposes of reporting cash flows, BEI considers all cash accounts and certificates of deposit with original maturities of three months or less to be cash or cash equivalents.

(e) **Accounts receivable**—Accounts receivable are stated net of an allowance for doubtful accounts. BEI estimates for doubtful accounts based on an analysis of certain customers taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. Accounts are considered past due when the payments due are not made within certain designated timeframes. There was no allowance for doubtful accounts at June 30, 2024 or 2023.

(f) **Due to/from the University of West Florida**—Due to the University of West Florida, includes commissions owed to the University by BEI related to bookstore and dining operations.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Investments**—In general, investments are reported at fair value when available. BEI categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

(h) **Capital assets**— Capital assets consist of land, buildings and improvements, equipment, furniture and fixtures, and construction in progress. Assets are capitalized and recorded at cost at the date of acquisition or at estimated acquisition value at the date received in the case of donations. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. BEI has a capitalization threshold of $50,000 for buildings, building improvements, infrastructure, infrastructure improvements, and leasehold improvements and a $5,000 capitalization threshold for tangible personal property. Depreciation is calculated on the straight-line basis over the following estimated useful lives of the related assets:

Buildings	40 Years
Maintenance Equipment	7 to 10 Years
Furniture and Fixtures	7 Years
Office Equipment	5 Years
Software	5 Years

(i) **Lease receivable**— BEI receives rental income from several vendors who lease space from BEI. Typically, rental agreements are structured with payment increases over the life of the lease. BEI recognizes revenue with lease assets and liabilities, per GASB 87. As per GASB 87, leases receivable now has a current portion and long-term portion and a related deferred inflow. The current and long-term portion represent the future cash payments and associated interest, while the deferred inflow represents the lease revenue to be recognized over the lease.

(j) **Income taxes**—Pursuant to a determination letter received from the Internal Revenue Service, the BEI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income tax expense or liability has been made. There are currently no Internal Revenue Service audits in progress for any tax period. With few exceptions, the BEI is no longer subject to examination by major tax jurisdictions for years ended June 30, 2021 and prior.

(k) **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 and liabilities and disclose of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(l) **Unearned service and management arrangement income**— Unearned service and management arrangement income represents amounts received in advance related to service and management arrangement contracts. Typically, amounts are recognized as revenue on a straight-line basis over the contract period, as indicated in the contracts.

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Net Position**— Equity is classified as net position and is further classified into the following components:

Net Investment in Capital Assets - Consists of all capital assets, reduced by outstanding debt that is attributable to the acquisition of those assets.

Unrestricted - Consists of all other assets and liabilities not included in the above category.

(2) Deposits:

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, BEI's deposits may not be returned. At year end, the carrying amount of BEI's deposits was $1,177,791 and the bank balance was $1,180,345. Of each of the bank balances, $250,000 was covered by Federal depository insurance with remaining balance covered by collateral held by the BEI's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

(3) Investments:

Fair value of investments—In general, investments are reported at fair value when available. BEI categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The Fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

Level 1 – Inputs are quoted prices in active markets for identical assets.
Level 2 – Inputs are significant other observable inputs.
Level 3 – Inputs are significant unobservable inputs.

BEI's investments were entirely comprised of US Treasury securities, which are considered Level 1 investments.

(4) Capital Assets:

Capital assets consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 94,265	$ -	$ (94,265)	$ -
Buildings	3,920,227	-	(167,563)	3,752,664
Building Improvements	359,354	102,375	(14,304)	447,425
Furniture and Fixtures	121,548	-	-	121,548
	4,495,394	102,375	(276,132)	4,321,637
Less: Accumulated Depreciation	(996,432)	(126,384)	45,793	(1,077,023)
Total	$ 3,498,962	$ (24,009)	$ (230,339)	$ 3,244,614

(4) **Capital Assets:** (Continued)

Capital assets consisted of the following at June 30, 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 94,265	$ -	$ -	$ 94,265
Buildings	3,920,227	-	-	3,920,227
Building Improvements	359,354	-	-	359,354
Furniture and Fixtures	121,548	-	-	121,548
	4,495,394	-	-	4,495,394
Less: Accumulated Depreciation	(863,171)	(133,261)	-	(996,432)
Total	$ 3,632,223	$ (133,261)	$ -	$ 3,498,962

Depreciation expense amounted to $126,384 and $133,261 for the years ended June 30, 2024 and 2023, respectively.

(5) **Service and Management Arrangements:**

Dining services- On May 6, 2018, BEI entered into a management services contract with a new dining services vendor. The agreement terms are through June 30, 2028, with an option to extend for an additional five years upon agreement of both parties. Either party may terminate the agreement during the contract period with proper notice. Any guaranteed commissions owed to BEI shall be paid by the dining services vendor within 90 days of the termination date. Upon expiration or termination, the amount of unamortized financial commitment disbursed as of the date of expiration or termination and unrestricted grant shall become due to the vendor within 120 days.

In conjunction with the new contract, BEI received $6.1 million to buyout and repay the unamortized balances of the old service agreement's capital investments and unearned advanced commissions. The agreement also provided a $900,000 unrestricted grant to be used in furthering BEI's mission and up to $3.575 million in dining and retail capital improvements. As of June 30, 2024, $3.385 million in renovations were completed and began being amortized. All capital improvements provided under the contract are donated to the University.

During the year ended 2021, BEI entered into a new MOU with the dining services vendor which replaced the original contract language that amortized the service and management arrangement payments through May 2033 with new language that now will now amortize the service and management service arrangement payments through May 2038. The increase in the amortization period resulted in an increase in the unearned service and management arrangement income liability of approximately $500,000 and is reported as a reduction on service and management arrangement income during the years ended June 30, 2024 and 2023.

The $6.1 million contract buyout funds, the $900,000 unrestricted grant, current capital improvements and any future improvements to be made under the agreement are recorded as unearned service and management arrangement income when received and amortized to revenue on a straight-line basis through May 2038.

(5) **Service and Management Arrangements:** (Continued)

Bookstore operations- On August 18, 2009, the University and a bookstore operations vendor entered into a Bookstore Operating Agreement pertaining to the operation of the University's bookstore facilities and certain bookstore upgrades. Bookstore services became an Assigned Function of BEI on October 15, 2012, and the Bookstore Operating Agreement was amended on this date to substitute BEI as party to the agreement in lieu of the University. The amendment additionally extended the contract between BEI and the bookstore operations vendor through September 2024.

Under the contract, a $600,000 initial contribution was provided to BEI by the bookstore operations vendor. This initial contribution was recorded as unearned income and is being amortized on a straight-line basis over the 10-year contract period. The bookstore operations vendor has also agreed to invest up to an additional $300,000 for store upgradesthroughout various campus locations. The vendor has spent approximately $295,131 as of the fiscal year ended June 30, 2024, related to these upgrades.

All equipment, fixtures, and furniture included as store upgrades from the capital investments of the bookstore operations vendor or from future capital investments will remain the property of the bookstore operations vendor until the investment is fully amortized, over a five-year period commencing on the date of the first disbursement of funds, at which time the upgrades will become property of the University. As of June 30, 2024 and 2023, there were no fully amortized store upgrades. Upon such time that store upgrade titles are transferred to the University, the fair value of the assets will be recognized as donations to the University and income by BEI.

As discussed above, BEl received as part of a service and management arrangement an initial contribution of $600,000 from the vendor for the operation of the bookstore. This unearned income was amortized on a straight-line basis from October 2012 through September 2022.

Unearned income consisted of the following as of June 30:

	2024	2023
Unamortized Unearned Income from Dining Service Agreement	$ 7,304,986	$ 7,833,0578
Unamortized Unearned Income from Bookstore Services Agreement	-	-
Total Unearned Income from Service and Management Arrangements	$ 7,304,986	$ 7,833,057

Changes in unearned service and management arrangement income for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Unearned Service and Management Arrangement Income	$ 7,833,057	$ -	$ (528,071)	$ 7,304,986	$ 528,071

(5) **Service and Management Arrangements:** (Continued)

Changes in unearned service and management arrangement income for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Unearned Service and Management Arrangement Income	$ 8,376,128	$ -	$ (543,071)	$ 7,833,057	$ 528,071

(6) **Related Parties:**

The University provides administrative, managerial and facilities support for BEI. For the years ended June 30, 2024 and 2023, BEI disbursed $426,275 and $323,969, respectively, to the University for food service management pursuant to the Agreement discussed in Note (5). For the years ended June 30, 2024 and 2023, BEI disbursed $270,553 and $301,690, respectively, to the University for bookstore management pursuant to the Agreement discussed in Note (5). Amounts owed to the University for auxiliary services at June 30, 2024 and 2023 were $140,418 and $63,226, respectively.

(7) **Management agreement with the University of West Florida:**

On December 9, 2011, BEI and the University entered into a Master Management Agreement (the Agreement) which authorizes the President of the University to assign management and operation of certain University facilities and programs (Assigned Functions) to BEI. The Agreement requires BEI to use any excess funds to support University operations. However, BEI may retain funds (operating capital) which are necessary for the purposes of future projects and programs.

(8) **Risk Management:**

BEI is exposed to various levels of loss including, but not limited to, losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BEI is insured for these risks. There were no insurance losses related to these risks for the years ended June 30, 2024 and 2023. BEI is not aware of any liabilities related to these risks as of June 30, 2024.

BEI has established a Low-Value Asset Policy to manage and account for certain property items that are portable and susceptible to theft or loss. No low-value assets have been identified as missing as of June 30, 2024, and 2023.

(9) **Revenue Concentrations:**

During the year ended June 30, 2024, and 2023, BEI received approximately 76% of its operating revenues from its two largest vendors.

(10) **Property Leased to Others:**

BEI leases space to University-affiliated tenants, and other commercial tenants under operating lease agreements. As of June 30, 2024, the approximate future minimum rental payments to be received under the operating leases are as follows:

Year Ending	University-Affiliated Tenants		Commercial Tenants		
June 30,	Principal	Interest	Principal	Interest	Total
2025	$ 59,753	$ 11,554	$ 71,999	$ 76,213	$ 219,519
2026	63,377	8,999	77,202	73,123	222,701
2027	67,171	6,291	83,541	69,791	226,794
2028	71,135	3,429	90,028	66,371	230,963
2029	43,269	605	97,215	62,311	203,400
2030-2034	-	-	559,578	243,333	802,911
2035-2039	-	-	452,991	134,160	587,151
2040-2044	-	-	335,465	48,610	384,075
2045-2049	-	-	96,060	6,007	102,067
Total	$ 304,705	$ 30,878	$ 1,864,079	$ 779,919	$ 2,979,581

Total GASB 87 lease revenue for the years ended June 30, 2024 and 2023 was $251,498 and $270,544, respectively. Total interest income for leases was $85,427 and $83,084 for the years ended June 30, 2024 and 2023, respectively.

(11) **In-kind Contributions:**

Each state university board of trustees is authorized to permit the use of property, facilities, and personnel services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to the University direct support organization BEI by the University at no cost.

Rent for space utilized by BEI and owned by the University was estimated at $6,140 and $6,689, respectively, for the years ended June 30, 2024 and 2023. Administrative and fiscal services provided to BEI were estimated at $230,103 and $280,086, respectively, for the years ended June 30, 2024, and 2023. Amounts for in-kind contributions are not included in the financial statements.

(12) **Reclassifications:**

Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,
UWF Business Enterprises, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of UWF Business Enterprises, Inc., which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses, and change of net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated September 10, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWF Business Enterprises, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 UWF Business Enterprises, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of UWF Business Enterprises, Inc.'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWF Business Enterprises, Inc.'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.

James Moore & Co., P.L.

Tallahassee, Florida
September 10, 2024

SUPPLEMENTAL INFORMATION

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF GENERAL AND ADMINSITRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Administrative	$ -	$ 555
Bank fees	1,282	20
Miscellaneous	2,868	3,247
Office supplies	8,150	7,256
Postage	26	69
Professional fees	19,957	22,510
Taxes and licenses	123	123
Travel and entertainment	-	-
Utilities	-	-
Wages	172,561	164,891
Total	$ 204,967	$ 198,671

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

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF ARGONAUT VILLAGE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Insurance	$ 24,109	$ 18,327
Miscellaneous	13,954	6,139
Postage	38	60
Repairs and maintenance	20,101	25,833
Taxes and licenses	6,452	7,616
Utilities	31,775	30,606
Total	$ 96,429	$ 88,581

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

JAMESMOORE

September 10, 2024

To the Board of Directors
UWF Business Enterprises, Inc.:

We have audited the financial statements of the University of West Florida Business Enterprises, Inc. (the Organization), a direct-support organization and component unit of the University of West Florida, as of and for the year ended June 30, 2024, and have issued our report thereon dated September 10, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 21, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of UWF Business Enterprises, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks as part of the planned scope of the audit, as required by Statement on Auditing Standards 134:

- Override of internal controls by management. Our responses to the significant risk included incorporating an element of unpredictability in designing audit procedures, obtaining an understanding of the process and related controls over journal entries and other adjustments, testing journal entries and other adjustments, reviewing significant accounting estimates for evidence of management bias, and obtaining an understanding of management's rationale for significant and unusual transactions.
- Management improperly recognizing revenue due to fraud. Our responses to the significant risk included substantively testing of revenues through third-party confirmations and performing predictive tests over revenue.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. None of the accounting estimates made during the course of the audit were deemed to be significant.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Organization's financial statements relates to the disclosure regarding unearned service and management arrangement income at Note (5) to the financial statements.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no such transactions.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements for the year ended June 30, 2024.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements that we identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no such circumstances.

Representations Requested from Management

We have requested certain written representations from management, which were included in the management representation letter provided to us dated September 10, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This report is intended solely for the information and use of the Audit Committee and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

James Moore & Co., P.L.

JAMES MOORE & CO., P.L.

September 10, 2024

James Moore & Co., P.L.
Certified Public Accountants
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows of the UWF Business Enterprises, Inc. (the Organization) as of June 30, 2024, and 2023, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 10, 2024:

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 21, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2) We acknowledge our responsibility 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.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6) We have a process to track the status of audit findings and recommendations.
7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

8) The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
9) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
10) All Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
11) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
12) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
15) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
16) All interfund and intra-entity transactions and balances have been properly classified and reported.
17) Special items and extraordinary items have been properly classified and reported.
18) Deposit and investment risks have been properly and fully disclosed.
19) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20) All required supplementary information is measured and presented within the prescribed guidelines.
21) In regards to the tax preparation services and preparation of the financial statements performed by you, we have:
    a) Made all management decisions and performed all management functions.
    b) Designated Suzanna Daughtry, an individual with suitable skills, knowledge, or experience to oversee the services.
    c) Evaluated the adequacy and results of the services performed.
    d) Evaluated and accepted responsibility for the result of the service performed; and
    e) Established and maintained controls, including a process to monitor the system of internal control.
22) Our liability for amounts due to the University of West Florida is fairly stated.

Information Provided

23) We have provided you with:
    a) Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    b) Additional information that you have requested from us for the purpose of the audit; and
    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

24) All transactions have been recorded in the accounting records and are reflected in the financial statements.
25) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
26) We have no knowledge of any fraud, suspected fraud, or abuse that affects the entity and involves:
    a) Management;
    b) Employees who have significant roles in internal control; or
    c) Others where the fraud could have a material effect on the financial statements.
27) We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
28) We have no knowledge of any allegations of fraud, suspected fraud, or abuse affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
29) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
30) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
31) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
32) UWF Business Enterprises, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
33) We have disclosed to you all guarantees, whether written or oral, under which UWF Business Enterprises, Inc. is contingently liable.
34) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
35) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

36) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
37) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
38) There are no:
    a) Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b) Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
    c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
    d) Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
39) UWF Business Enterprises, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
40) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
41) We have evaluated the entity's ability to meet its obligations as they become due, and have not identified any conditions or events, individually or in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern.

UNIVERSITY of WEST FLORIDA BUSINESS ENTERPRISES, INC.

DocuSigned by:
Suzanna Daughtry
52F4191A987341B...

Suzanna Daughtry
Accountant

DocuSigned by:
Ed Ranelli
0128705D427B454...

Ed Ranelli
CEO

Board of Trustees
Audit and Compliance Committee
November 14, 2024

Internal Auditing & Management Consulting Update

Recommended Action:
Informational

Background Information:
The purpose of this Information Item is to provide the Committee with an overview of activities within Internal Auditing & Management Consulting, as required by the department Charter.

1. Status of internal audits in progress
2. Status of advisory/consulting activities
3. External audits in progress
4. Audit follow up
5. Miscellaneous items

Implementation Plan:
None

Fiscal Implications:
None

Relevant Authority:
IAMC Charter

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. Audit Findings Status October 2024

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:
Cindy Talbert

Internal Auditing
Audit Recommendations
Status as of October 2024

Overdue Implementation Dates	Rec #	Topic	Report Date	Initial Implement Date	Current Implement Date
23-24_007 Onboarding of New Hires / Training	3	Update Policy HR-20.02-9/15	06/20/24	09/30/24	

Future Implementation Dates					
AG2025_005 IT Operational Audit					
23-24_007 Onboarding of New Hires / Training	2	Additional NEO Topics	06/20/24	10/31/24	
23-24_007 Onboarding of New Hires / Training	4	Communication Tool for Onboarding Parties	06/20/24	02/28/25	
23-24_008 Procurement Competitive Negotiations	1	Update SOPs Related to Solicitations	06/26/24	04/30/25	
23-24_008 Procurement Competitive Negotiations	2	Standardize Team Folders	06/26/24	04/30/25	
23-24_008 Procurement Competitive Negotiations	3	Provide for Staffing	06/26/24	11/30/24	
24-25_004 NSA Grant CAE-Cybersecurity	1	Written Policies and Procedures	10/15/24	03/31/25	
24-25_004 NSA Grant CAE-Cybersecurity	2	Separation of Revenue Collection Duties	10/15/24	01/31/25	

Board of Trustees
Audit and Compliance Committee
November 14, 2024

IAMC Quality Assurance Review – Annual Self Assessment 2024

Recommended Action:
Informational

Background Information:
Board of Governors Regulation 4.002(6)(a) requires all State universities' internal audit departments to perform audit engagements in accordance with the International Professional Practices Framework published by the Institute of Internal Auditors (IIA), which includes the Global Internal Audit Standards. These Standards require that the results of ongoing and periodic self-assessments be communicated to the board.

IAMC engages in ongoing and periodic practices that contribute to quality assurance, as required by the Standards. These practices are described in the attached report. Various documents were recently examined to confirm that IAMC has adequate quality assurance controls in place, as detailed in the report.

Implementation Plan:
None.

Fiscal Implications:
None.

Relevant Authority:
BOG Regulation 4.002(6)(a)

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
1. IAMC Quality Assurance Review – Annual Self Assessment 2024

Prepared by:
Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:
Cindy Talbert

Internal Auditing & Management Consulting
Quality Assurance – Annual Self Assessment
Report #MAS24-25_001
Date: October 8, 2024

Objectives of Review

Florida Board of Governor's Regulation 4.002 "*Chief Audit Executives*" requires that university audit engagements be performed in accordance with the IIA International Professional Practices Framework, which includes the Global Internal Audit Standards. As required by the Standards, we conducted an internal review of quality assurance for the activities of Internal Auditing & Management Consulting.

Compliance with IIA Standards

Brief descriptions of relevant IIA Standards and our efforts to comply with them are described below.

Standard 8.3 - Quality

The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function.

At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management.

Standard 12.1 – Internal Quality Assessment

The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.

This report has been prepared to demonstrate compliance with Standards 8.3 and 12.1.

Our Methodology

For completing this activity, we selected IIA Standards that lent themselves to verification, as opposed to being subjective, and those for which current year performance was applicable. Compliance with the following Standards was evaluated:

Standard 1.2 Organization's Ethical Expectations

Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations.

Evidence that supports compliance: Copies of signed IAMC Code of Ethics statements were found on file for all staff members, an annual requirement. All staff received ethics training during the fiscal year as shown on certificates on file from the provider.

Standard 2.1 – Individual Objectivity

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments on balanced assessments of all relevant circumstances.

Evidence that supports compliance: Internal auditors signed a Statement of Independence for each audit performed in fiscal year 2023/24, confirming that no improper relationships or responsibilities existed that would hinder objectivity. Each internal auditor submitted a disclosure of Conflicts of Interest and Outside Activities for fiscal year 2024/25.

<u>Standard 3.2 - Continuing Professional Development</u>
Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training.

Evidence that supports compliance: Each internal auditor obtained more than 40 hours of appropriate continuing education credits during fiscal year 2023/24, while an Internal Auditor that was hired in January 2024 obtained more than 20 hours of continuing education. Certificates were found in the file.

<u>Standard 4.2 - Due Professional Care</u>
Internal auditors apply due professional care by assessing the nature, circumstances, and requirements of the services to be provided.

Evidence that supports compliance: The following documentation was retained by IAMC:

- *Notes were prepared documenting discussions with key personnel concerning the relative risks inherent in auditable areas;*
- *Planning Notes documenting the strategy and objectives of the activity under review were prepared for each audit;*
- *Control matrices were prepared for risk, identifying key controls.*
- *Audit workpapers documented the supervisory review.*
- *Feedback from all audit clients was solicited and documented.*
- *Performance evaluations were documented for each internal auditor.*

<u>Standard 5.2 – Protection of Information</u>
Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.

Evidence that supports compliance: All IAMC audit documentation is saved in a drive to which access is limited to the staff and our DISRep[1], confirmed in writing by the ITS Help Desk. A signed copy of the IAMC Confidentiality Agreement was found on file for each auditor.

<u>Standard 6.2 – Internal Audit Charter</u>
The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of internal auditing.
- Commitment to adhering to the Global Internal Audit Standards.
- Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organizational position and reporting relationships.

[1] Department Information Security Representative, currently Chief Compliance Officer Matt Packard.

Evidence that supports compliance: The IAMC Charter was reviewed, submitted to the Board of Trustees Audit and Compliance Committee, and approved on May 16, 2024, as evidenced by a BOT Action Item. It was confirmed that the Charter contains the elements required by the Standards.

Standard 9.3 Methodologies

The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.

Evidence that supports compliance: The department has written policies and procedures related to audit work and management advisory services, that are reviewed for any necessary updates each year. These documents show that the last update was in January of 2024.

Standard 12.3 Oversee and Improve Engagement Performance

The chief audit executive must establish and implement methodologies for engagement supervision, quality assurance, and development of competencies.

Evidence that supports compliance: Reviews of audit workpapers are performed at established milestones during the audit work, as evidenced by initials / dates recorded on audit workpapers. Review Notes were examined; these are provided by the Reviewer to the Auditor, and provide guidance toward improving the quality of workpapers.

Standard 13.2 - Engagement Risk Assessment

Internal auditors must develop an understanding of the activity under review to assess the relevant risks.

Evidence that supports compliance: For each audit engagement performed during fiscal year 2023/24, the following documents were found on hand, reviewed by the auditors to obtain a thorough understanding of the audited activities:

- *An organizational chart.*
- *Job Descriptions.*
- *Copies of written policies and procedures.*
- *Copies of applicable laws, rules, and regulations.*
- *An analysis of financial activities.*
- *Review of prior audits.*
- *Notes from interviews with key personnel.*
- *Review of website content.*
- *An evaluation of risks and controls.*

Standard 14.4 - Recommendations and Action Plans

Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to:

- Resolve the differences between the established criteria and the existing condition.
- Mitigate identified risks to an acceptable level.
- Address the root cause of the finding.
- Enhance or improve the activity under review.

Evidence that supports compliance: For each audit performed during fiscal year 2023/24, informal exit conferences were held with auditees to discuss potential audit findings and recommendations, and notes from these meetings were documented. When agreements were reached with the auditee as to the proper resolutions for each finding, a drafted audit report was distributed and a formal exit conference was held, with discussions documented. Auditees were provided with a feedback period, after which the recommendations were finalized and the audit report was issued. Some findings that were assessed at lower risk resulted in informal resolutions, documented in management letters from IAMC to the auditee.

Standard 14.6 – Engagement Documentation

Internal auditors must document information and evidence to support the engagement results. The analyses, evaluations, and supporting information relevant to an engagement must be documented such that an informed, prudent internal auditor, or similarly informed and competent person, could repeat the work and derive the same engagement results.

Evidence that supports compliance: Audit workpapers from 2023/24 contained appropriate identifying information, for example, index number, audit title and period, scope of work, auditor and reviewer initials and date of work, sources, purpose, and conclusion. Audit test workpapers contained descriptions of audit populations, sample selection methods, and results.

Standard 15.2 - Confirming the Implementation of Recommendations or Action Plans

Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:

- Inquiring about progress on the implementation.
- Performing follow-up assessments using a risk-based approach.
- Updating the status of management's actions in a tracking system.

Evidence that supports compliance: The department maintains a database that tracks the implementation status of audit recommendations. A report was found to be generated each month that showed all recommendations that were past their targeted implementation date. The results of follow up activities were documented in the file. When appropriate, information related to recommendations that had passed their targeted implementation date was provided to the Board of Trustees Audit and Compliance Committee at their quarterly meetings.

The IAMC Performance Objectives were approved by the BOT Audit & Compliance Committee on August 15, 2024. Evaluation of progress toward these objectives will be postponed until after the initial fiscal year is over.

Conclusion

Our quality assurance review showed that IAMC is in compliance with the Standards of the Institute of Internal Auditors related to ongoing and periodic internal assessments of quality.

Respectfully submitted,

Cynthia Talbert

Cynthia Talbert, CFE, CIA, CPA, CRMA
Chief Audit Executive

Board of Trustees
Audit and Compliance Committee
November 14, 2024

Purchasing Card Program Update

Recommended Action:
Informational

Background Information:
UWF has approximately 370 PCards currently issued to employees. These cards provide a cost-effective, convenient, and decentralized method for faculty and staff to purchase authorized goods, services, and travel expenses directly for and by UWF. A periodic review of the purchasing card program is conducted to ensure the program is performing with the highest efficiency and compliance. As a result of this review, several changes to the PCard program were implemented including modifying the reporting cycle dates, extending the reporting deadlines, updating the PCard Reference Guide, and updating the PCard training. These changes will provide a more streamlined process and ensure PCard users are adequately trained while also maintaining effective oversight.

Implementation Plan:
New procedures were implemented November 1, 2024. The UWF PCard Reference Guide was updated to describe the new procedures. Online and in-person training is ongoing for Pcard Holders and announcements regarding the updates have been included in the campus newsletter.

Fiscal Implications:
Approximately $14M is transacted with the PCard each fiscal year.

Relevant Authority:
UWF REG 6.0053 Authorities & Responsibilities of Board & University Procurement & Contracts Policy FIN-09.04-10/20, Procurement Card (PCard) Program Policy

Supports Strategic Direction(s):
Strategic Direction 6: Operational Excellence

Supporting Documents:
None

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