

University of Florida Foundation, Inc.

Florida Single Audit Compliance Report
June 30, 2019

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RSM US LLP

Report on Compliance for Each Major State Financial Assistance Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by the State of Florida Chapter 10.550, *Rules of the Auditor General*

Independent Auditor's Report

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

Report on Compliance for Each Major State Financial Assistance Project

We have audited the University of Florida Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the Foundation's major state financial assistance projects for the year ended June 30, 2019. The Foundation's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations and the terms and conditions of its state financial assistance applicable to its state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the State of Florida Chapter 10.550, *Rules of the Auditor General*. Those standards and the State of Florida Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state financial assistance project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major State Financial Assistance Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state financial assistance project and to test and report on internal control over compliance in accordance with the State of Florida Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's 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 financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 financial assistance 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 financial assistance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the State of Florida Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the Foundation as of and for the year ended June 30, 2019, and have issued our report thereon dated September 27, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State of Florida Chapter 10.550, *Rules of the Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Orlando, Florida
September 27, 2019

University of Florida Foundation, Inc.

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2019**

<u>State Grantor / Program Title</u>	<u>CSFA Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Florida Department of Highway Safety and Motor Vehicles: University of Florida License Plate Project	76.034	\$ 2,438,747	<u>\$ 970,195</u>
Florida Department of Education and Commissioner of Education: University Major Gifts Program	48.074	<u>44,753,545</u> (1)	
Total expenditures of state financial assistance		<u>\$ 47,192,292</u>	

(1) The Foundation transfers a portion of the funds to the University as per the donors' wishes.

See notes to schedule of expenditures of state financial assistance.

University of Florida Foundation, Inc.

**Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of the University of Florida Foundation, Inc. (the Foundation) under programs of the State of Florida for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

University of Florida License Plate Project: The expenditures under the state license plate project in the Schedule represent \$970,195 in scholarship expenditures and \$1,468,552 in fundraising expenditures. Receipts from the program during the year ended June 30, 2019, of \$2,447,587 are allocated to be spent for scholarships and for fundraising, consistent with the allocation plan, as amended, submitted to the Florida Board of Education and the Florida Department of Highway Safety and Motor Vehicles.

In prior years, the Foundation has collected more in receipts for scholarships than it has expended. As a result, the Foundation has the ability to expend more in future years related to scholarships. Amounts are not expended until eligible scholarship recipients are identified. At June 30, 2019, the Foundation had \$140,260 in collected, but unexpended funds related to scholarships. Receipts for fundraising are used in the year of receipt for the Foundation's fundraising programs.

University Major Gifts Program: The University Major Gifts Program has been temporarily suspended by the State of Florida, and no funding was received from the state in the form of matching funds during the year ended June 30, 2019. The expenditures under the University Major Gifts Program in the accompanying schedule of expenditures of state financial assistance represent expenditures of earnings on endowments that have received state matching funds or have been submitted for matching. These expenditures include amounts spent from earnings on both the state match portion and the private donor portions of the endowments.

University of Florida Foundation, Inc.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ None Reported

Type of auditor’s report issued on compliance for major state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State of Florida Chapter 10.550, *Rules of the Auditor General*?

_____ Yes	_____ X	_____ No
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Identification of major state financial assistance projects:

CSFA No.	Name of State Financial Assistance Project
48.074	University Major Gifts Program
76.034	University of Florida License Plate Project

Dollar threshold used to distinguish between type A and type B state financial assistance projects: \$ 1,415,769

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs for State Financial Assistance

No matters were reported.

Section IV – Other Reporting

1. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings related to state financial assistance projects.
2. No Corrective Action Plan is presented because there were no findings required to be reported under the Florida Single Audit Act.
3. There was no management letter or control deficiency letter issued for the year ended June 30, 2019, and there were no matters required to be reported in these letters.