

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

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FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT THEREON,  
AND SUPPLEMENTAL SCHEDULES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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*Independent Auditor's Report*

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Agricultural & Mechanical University Foundation, Inc. ("The Foundation"), a component unit of the Florida Agricultural & Mechanical University, as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

The Foundation'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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 be presented to supplement the basic financial statements. Such information, 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.

### *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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *accompanying supplementary information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 *accompanying supplementary information* is 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 4, 2021 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 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.

Miami, Florida  
October 4, 2021

*BCA Watson Rice LLP*

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

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The management's discussion & analysis (MD&A) provides an overview of the financial position and activities of the Florida Agricultural and Mechanical University Foundation Inc. (the Foundation) for the years ended June 30, 2021 and 2020. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion & Analysis – For Public Colleges & Universities*. It should be read in conjunction with the financial statements and supporting notes thereto.

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

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

### **FIDUCIARY FUNDS**

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

### **STATEMENT OF NET POSITION**

The statement of net position reflects the assets and deferred outflows and liabilities and deferred inflows of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation as of June 30, 2021 and 2020. The difference between total assets and total liabilities, net position, is one significant indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate enhancement or deterioration in the Foundation's financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

The following schedule summarizes the Foundation's assets, liabilities, and net position at June 30, 2021 and the preceding two fiscal years:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>			
Current assets	\$ 8,345,870	\$ 2,136,579	\$ 5,216,724
Noncurrent assets	<u>155,774,196</u>	<u>121,718,029</u>	<u>124,528,911</u>
Total assets	<u>164,120,066</u>	<u>123,854,608</u>	<u>129,745,635</u>
<b>Liabilities</b>			
Current liabilities	999,935	1,762,431	4,805,720
Noncurrent liabilities	<u>2,769,745</u>	<u>1,742,286</u>	<u>1,784,573</u>
Total liabilities	<u>3,769,680</u>	<u>3,504,717</u>	<u>6,590,293</u>
<b>Net position</b>			
Net investments in capital assets	170,934	185,286	195,229
Restricted			
Expendable	67,397,887	30,779,040	35,176,576
Non-expendable	90,504,767	88,109,737	86,382,110
Unrestricted	<u>2,276,798</u>	<u>1,275,828</u>	<u>1,401,427</u>
Total net position	<u>\$ 160,350,386</u>	<u>\$ 120,349,891</u>	<u>\$ 123,155,342</u>

The Foundation's assets totaled \$164.1 million as of June 30, 2021. This balance reflects a increase of \$40.3 million or 32.5%, compared to June 30, 2020. Current assets contribute \$8.3 million to total assets and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$155.8 million to the Foundation's total assets and consist primarily of restricted pledges receivable, property and equipment, net of accumulated depreciation, along with investments expected to be held beyond the next fiscal year. The total increase in assets of \$40.3 million is primarily due to a increase in return on investments held longer than 12 months.

The Foundation's assets totaled \$123.9 million as of June 30, 2020. This balance reflects a decrease of \$5.9 million or 4.5%, compared to June 30, 2019. Current assets contribute \$2.1 million to total assets and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$121.7 million to the Foundation's total assets and consist primarily of restricted pledges receivable, property and equipment, net of accumulated depreciation, along with investments expected to be held beyond the next fiscal year. The total decrease in assets of \$5.9 million is primarily due to a decrease in return on investments held longer than 12 months.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

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The Foundation's liabilities totaled \$3.8 million as of June 30, 2021. This balance reflects a increase of \$265.0 thousand, or 7.6%, as compared to June 30, 2020. Total liabilities include current obligations of \$999.9 thousand and \$2.8 million in noncurrent liabilities.

The Foundation's liabilities totaled \$3.5 million as of June 30, 2020. This balance reflects a decrease of \$3.1 million, or 46.8%, as compared to June 30, 2019. Total liabilities include current obligations of \$1.8 million and \$1.7 million in noncurrent liabilities.

Restricted – expendable net position was \$67.4 million as of June 30, 2021, which reflects an increase of \$36.6 million, or 119.0% as compared to June 30, 2020, due to a increase of value in pledges receivable, as well as, a increase in return on investments.

Restricted – expendable net position was \$30.8 million as of June 30, 2020, which reflects a decrease of \$4.3 million, or 12.4% as compared to June 30, 2019, due to a reduction of value in pledges receivable coupled with a decrease in return on investments.

Unrestricted – net position as of June 30, 2021 was \$2.3 million, which reflects an increase of \$1.0 million, or 78.5% as compared to June 30, 2020, due to a increase in gifts.

Unrestricted – net position as of June 30, 2020 was \$1.3 million, which reflects an increase of \$125.6 thousand, or 9.0% as compared to June 30, 2019, due to a reduction in liabilities.

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

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

The following summarizes the Foundation's activity for the year ended June 30, 2021, and the preceding two fiscal years:

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating revenues	\$ 46,072,852	\$ 6,017,314	\$ 12,132,362
Less operating expenses	<u>8,467,387</u>	<u>10,621,281</u>	<u>15,057,543</u>
<b>Operating income/(loss)</b>	37,605,465	(4,603,967)	(2,925,181)
Contributions to permanent endowments	<u>2,395,030</u>	<u>1,727,627</u>	<u>1,219,213</u>
<b>Net change in net position</b>	40,000,495	(2,876,340)	(1,705,968)
Net position, beginning of year	<u>120,349,891</u>	<u>123,226,231</u>	<u>124,932,199</u>
Net position, end of year	<u>\$ 160,350,386</u>	<u>\$ 120,349,891</u>	<u>\$ 123,226,231</u>

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

The following summarizes the operating revenues by source that were used to fund operating activities for the year ended June 30, 2021, and the preceding two fiscal years:

**Operating Revenues**  
**(For the Fiscal Years Ending June 30)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contributions	\$ 11,663,278	\$ 4,596,801	\$ 4,276,807
Investment income (loss)	33,306,917	(6,417)	6,074,343
Other operating revenues	1,102,657	1,426,930	1,781,212
<b>Total operating revenues</b>	<b>\$ 46,072,852</b>	<b>\$ 6,017,314</b>	<b>\$ 12,132,362</b>

Total operating revenues of \$46.0 million at June 30, 2021 include contributions, investment earnings, and other operating revenues, including rental activity and miscellaneous operating activity. Contributions were \$11.7 million and represent 25.3% of total operating revenues; this reflects an increase of \$7.0 million over 2020, due primarily to an increase in giving. Investment income was \$33.3 million representing 72.3% of total operating income; this reflects a increase of \$33.3 million over 2020, due primarily to the rebound of market performance of all classes due to the COVID-19 pandemic during 2020.

Total operating revenues of \$6.0 million at June 30, 2020 includes contributions, investment earnings, and other operating revenues, including rental activity and miscellaneous operating activity. Contributions were \$4.6 million and represent 76.4% of total operating revenues; this reflects an increase of \$320 thousand over 2019, due primarily to an increase in giving. Investment loss was \$(6) thousand representing -0.1% of total operating income; this reflects a decrease of \$6.1 million over 2019, due primarily to under performance of all classes due to the COVID-19 pandemic during 2020 as compared to 2019.

Expenses are categorized as operating or non-operating. The majority of the Foundation's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Foundation has chosen to report the expenses by their functional classifications on the statement of revenues, expenses, and changes in net position.

**Operating Expenses**  
**(For the Fiscal Years Ending June 30)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
University support	\$ 4,514,892	\$ 5,647,784	\$ 9,106,237
Scholarships and grants	1,794,400	2,036,715	2,559,029
Fundraising	810,686	1,191,205	1,887,836
Management and general	1,347,409	1,745,577	1,504,441
<b>Total operating expenses</b>	<b>\$ 8,467,387</b>	<b>\$ 10,621,281</b>	<b>\$ 15,057,543</b>



**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

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Total operating expenses of \$8.5 million for fiscal year 2021 include general support to the University, scholarship costs, fundraising, and management and general expenses related to support of the Foundation's mission. This balance reflects a decrease of \$2.2 million, or 20.3% over the same period ended June 30, 2020, due primarily to an overall decrease of expenditures in each expense category.

Total operating expenses of \$10.6 million for fiscal year 2020 include general support to the University, scholarship costs, fundraising, and management and general expenses related to support of the Foundation's mission. This balance reflects a decrease of \$4.4 million, or 29.4% over the same period ended June 30, 2019, due primarily to decreased University support of \$3.5 million and decreased fundraising costs of \$697 thousand.

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides additional information about the Foundation's financial results by reporting the major sources and uses of cash. This statement assists in evaluating the Foundation's ability to generate net cash flows, its ability to meet its obligations when they come due and its need for external financing. The statement of cash flows reconciles the Foundation's cash transactions. Cash flows from operating activities show the net cash used by ongoing operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. For purposes of cash flow, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2021, and the preceding two fiscal years:

<b>Condensed Statements of Cash Flows</b>			
<b>(For the Fiscal Years Ending June 30)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash flows provided by (used in)			
Operating activities	\$ 3,485,120	\$ (4,235,173)	\$ (3,723,180)
Investing activities	535,839	1,940,736	2,226,056
Capital and related financing activities	(3,518)	(8,643)	(23,617)
Non-capital financing activities	<u>2,288,467</u>	<u>1,428,731</u>	<u>1,219,213</u>
<b>Change in cash and cash equivalents</b>	<b>6,305,908</b>	<b>(874,349)</b>	<b>(301,528)</b>
Cash and cash equivalents, beginning of year	<u>77,839</u>	<u>952,188</u>	<u>1,253,716</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,383,747</u></u>	<u><u>\$ 77,839</u></u>	<u><u>\$ 952,188</u></u>

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

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Cash and cash equivalents increased by \$6.3 million during fiscal year 2021. Net cash flows from operating activities increased by \$7.7 million, mainly attributed to a increase in cash contributions of \$5.2 million and a decrease in payments of \$2.8 million for university support, scholarships, fundraising, and management and general categories as compared to fiscal year 2020. Net cash flows provided by investing activities reflects a decrease of \$1.4 million and primarily resulting from a decrease in proceeds from sales of investments coupled with a decrease in investment income. Cash flows from capital and related financing activities decreased by \$5.1 thousand due to decreased purchases of capital assets. Cash flows from noncapital financing activities increased by \$860.0 thousand, due to increased endowment giving.

Cash and cash equivalents decreased by \$874 thousand during fiscal year 2020. Net cash flows used in operating activities decreased by \$512 thousand, mainly attributed to a decrease in cash collected from contributions as compared to fiscal year 2019. Net cash flows provided by investing activities reflects a decrease of \$285 thousand primarily resulting from a decrease in investment income. Cash flows used in capital and related financing activities decreased by \$15 thousand due to decreased purchases of capital assets. Cash flows provided by noncapital financing activities increased by \$210 thousand, due to increased endowment giving.

**CAPITAL ASSETS**

The Foundation has \$171 thousand and \$185 thousand of capital assets, included in noncurrent assets on the accompanying statement of net position, as of June 30, 2021 and 2020, respectively. These balances are net of accumulated depreciation of \$196 thousand and \$178 thousand, respectively.

The following table summarizes capital assets as of June 30, 2021 and the preceding two fiscal years:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Depreciable property and equipment, net	\$ 143,934	\$ 158,285	\$ 168,228
Nondepreciable assets, primarily land	27,000	27,000	27,000
<b>Total capital assets</b>	<b>\$ 170,934</b>	<b>\$ 185,285</b>	<b>\$ 195,228</b>

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

The balance on June 30, 2020 is comprised of 14.6% land totaling \$27 thousand, 57.6% buildings and associated improvements totaling \$106.8 thousand, and the remaining 27.8% of other property and equipment. During fiscal year 2020, changes in capital assets related primarily to capital additions of \$8.6 thousand, offset by depreciation expense of \$18.6 thousand.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 and 2020**

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The balance on June 30, 2019 is comprised of 13.8% land totaling \$27 thousand, 52.9% buildings and associated improvements totaling \$103 thousand, includes building depreciation of \$35.3 thousand, and the remaining 15% of other property and equipment. During fiscal year 2019, changes in capital assets related primarily to capital additions of \$57 thousand, offset by depreciation expense of \$16 thousand.

### **ECONOMIC CONDITIONS AND OUTLOOK**

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

Annual contributions and endowments have a direct impact on enhancing University programs. In 2022, the Foundation anticipates minimal growth in the endowment from new gifts and investment returns, and a lower rate of incoming expendable gifts as a result of the current economic conditions.

More specifically, there have been many business and market disruptions related to the COVID-19 pandemic, including a decline in select areas of giving due to financial uncertainty. These factors have also led to value fluctuations in the FAMU Foundation's investment and endowment portfolios. While most Foundation expenditures have remained relatively flat, University travel has still been down due to previous COVID-19 travel restrictions. The Foundation's Investment Committee and Board continue to monitor business and market disruptions quarterly at a minimum and adjust as appropriate to ensure that funds from annual contributions and endowments earnings are available to support University programs.

### **REQUEST FOR INFORMATION**

Questions concerning information provided in the MD&A or elsewhere in the June 30, 2021 financial statements and supporting notes thereto should be addressed to Florida Agricultural and Mechanical University Foundation Inc., 625 E. Tennessee Street, Suite 100, Tallahassee, Florida 32308.

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

**STATEMENTS OF NET POSITION**

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,383,747	\$ 77,839
Investments	1,711,961	1,810,248
Accounts receivable	76,489	65,689
Prepaid expenses	268,673	182,803
Total current assets	8,440,870	2,136,579
Noncurrent assets		
Restricted assets		
Pledges receivable, net	1,529,307	183,242
Investments, net of current portion	153,745,792	121,119,811
Property held for sale	228,400	228,400
Cash surrender value of life insurance	4,763	1,291
Capital Assets		
Nondepreciable assets, primarily land	27,000	27,000
Depreciable property and equipment, net	143,934	158,285
Total noncurrent assets	155,679,196	121,718,029
<b>Total assets</b>	<b>164,120,066</b>	<b>123,854,608</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	291,152	191,672
Scholarships payable	454,721	1,570,759
Salaries payable	254,062	-
Total current liabilities	999,935	1,762,431
Noncurrent liabilities		
Scholarships payable, net of current portion	2,764,058	1,736,167
Deposits	5,687	6,119
Total noncurrent liabilities	2,769,745	1,742,286
<b>Total liabilities</b>	<b>3,769,680</b>	<b>3,504,717</b>
<b>Net Position</b>		
Net investment in capital assets	170,934	185,286
Restricted		
Expendable	67,397,887	30,779,040
Nonexpendable endowments	90,504,767	88,109,737
Unrestricted net assets	2,276,798	1,275,828
<b>Total net position</b>	<b>\$ 160,350,386</b>	<b>\$ 120,349,891</b>

See accompanying notes to the financial statements.

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

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

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
Contributions, net	\$ 11,663,278	\$ 4,596,801
Net realized and unrealized gain (loss)	32,852,644	(738,931)
Interest and dividends	454,273	732,514
Miscellaneous income	1,102,657	1,426,930
Total operating revenues	46,072,852	6,017,314
<b>Operating expenses</b>		
University support expenditures	4,514,892	5,647,784
Scholarships and grants	1,794,400	2,036,715
Fundraising	810,686	1,191,205
Management and general	1,347,409	1,745,577
Total operating expenses	8,467,387	10,621,281
Operating income/(loss)	37,605,465	(4,603,967)
<b>Income (loss) before other revenues</b>	37,605,465	(4,603,967)
Contributions to permanent endowments	2,395,030	1,727,627
<b>Change in net position</b>	40,000,495	(2,876,340)
Net position, beginning of year	120,349,891	123,155,342
Prior period adjustments (Note 12)	-	70,889
Net position, beginning of year, as restated	120,349,891	123,226,231
Net position, end of year	\$ 160,350,386	\$ 120,349,891

See accompanying notes to the financial statements.

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

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Receipts from contributions	\$ 9,974,658	\$ 4,742,184
Receipts from other operating activities	1,102,075	1,325,357
Receipts from customers	150	103,692
Payments for University support	(4,355,101)	(6,164,722)
Payments for scholarships and grants	(1,882,547)	(2,053,190)
Payments for fundraising activities	(474,298)	(739,317)
Payments for management and general activities	(879,817)	(1,449,177)
Net cash from/(used in) operating activities	<u>3,485,120</u>	<u>(4,235,173)</u>
<b>Cash flows from investing activities</b>		
Purchase for building improvements	-	(48,977)
Net Proceeds from sales and maturities of investments	81,566	1,257,199
Interest and dividends received	454,273	732,514
Net cash from investing activities	<u>535,839</u>	<u>1,940,736</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(3,518)	(8,643)
Net cash used in capital and related financing activities	<u>(3,518)</u>	<u>(8,643)</u>
<b>Cash flows from noncapital financing activities</b>		
Contributions for long-term endowments	2,288,467	1,428,731
Net cash from noncapital financing activities	<u>2,288,467</u>	<u>1,428,731</u>
<b>Net change in cash</b>	6,305,908	(874,349)
Cash and cash equivalents, beginning of year	77,839	952,188
Cash and cash equivalents, end of year	<u>\$ 6,383,747</u>	<u>\$ 77,839</u>

See accompanying notes to the financial statements.

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

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of operating income to net cash from operating activities:</b>		
Operating income/(loss)	\$ 37,605,465	\$ (4,603,967)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	17,869	18,586
Donated securities	(7,084)	(54,763)
Interest and dividend income, net of fees	(97,242)	(449,983)
Net realized and unrealized (gains) and losses on investments	(32,852,644)	774,785
Change in assets and liabilities:		
Pledge receivables	(1,346,065)	565,633
Cash surrender value of life insurance	(3,472)	(1,291)
Prepaid expenses	(85,870)	33,312
Other receivables	(10,800)	10,956
Accounts payables and accrued expenses	99,480	(514,085)
Scholarships payable	(88,147)	(16,475)
Salaries payable	254,062	-
Other liabilities	(432)	2,119
<b>Net cash from operating activities</b>	<b>\$ 3,485,120</b>	<b>\$ (4,235,173)</b>

See accompanying notes to the financial statements.

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

**STATEMENTS OF FIDUCIARY NET POSITION**

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Restricted cash and cash equivalents	\$ 612,434	\$ 585,004
Restricted investments	2,848,386	2,094,004
Pledges receivable, net	3,477	-
Total restricted assets	3,464,297	2,679,008
 <b>Net position restricted for Agency funds</b>	 \$ 3,464,297	 \$ 2,679,008

See accompanying notes to the financial statements.



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

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Additions</b>		
Contributions, net	\$ 711,770	\$ 475,197
Realized and unrealized gain (loss)	614,930	(17,927)
Interest and dividends	6,703	10,287
Miscellaneous (expense)/income	(7,997)	129,540
Dues and subscriptions	131,403	240,376
Total additions	1,456,809	837,473
<b>Deductions</b>		
University support expenditures	144,157	204,465
Scholarships and grants	397,504	296,252
Fundraising	85,931	130,134
Management and general	43,928	84,749
Total deductions	671,520	715,600
<b>Change in net position</b>	<b>785,289</b>	<b>121,873</b>
<b>Net position restricted for agency funds</b>		
Beginning of year	2,679,008	2,557,135
End of year	\$ 3,464,297	\$ 2,679,008

See accompanying notes to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

During the years ended June 30, 2021 and 2020, the Foundation, under the matching program sponsored by the D.C.U. did not recognize any state matching revenues.

**Fund Financial Statements** – Separate financial statements are provided for enterprise funds (business-type activities) and fiduciary funds (agency funds). The proprietary fund financial statements report information on all of the non-fiduciary activities of the Foundation, which rely to a significant extent on user fees and charges for support.

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

The Foundation has two pools of investments, an Operating Pool and an Endowment Pool. The Operating and Endowment Pools are commingled and invested as per asset allocation guidelines in the Foundation's Investment Policy. The Foundation's Investment Policy is discussed more in Note 7.

To preserve the investments' long-term purchasing power, the Foundation makes available to be spent each year a percentage of the average market value of the participating funds for the twelve (12) preceding quarters as authorized by the Foundation's Board to fund operations. The FAMU Foundation sets annual spending at a rate of 4.5%.

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

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

Fair values of long-term investments are discussed at Note 3.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Accounts Receivable** – Accounts receivable from operations are stated at their net realizable value. Management considers all accounts receivable balances to be fully collectable. As such, no allowance for uncollectable amounts have been recorded as of June 30, 2021 and June 30, 2020.

**Pledges Receivable**– In accordance with GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*, pledges receivable are only recorded when all applicable eligibility requirements, including time requirements, are met, provided that the promise is verifiable, measurable, and probable. If subsequent to initial recognition, changes in the estimated collectability of pledges occurs, an allowance for doubtful accounts is recorded. Additional accounting policies are disclosed in Note 2.

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Property** - Donations of property are recorded as support at their acquisition value upon receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation makes no provision for depreciation of such real property. These amounts are also reflected within program service expenses on the statement of revenues, expenses, and changes in net position for the transfer of the in-kind contributions to the University or maintained on the statement of net position as property held for resale when appropriate. Total real property donated during the year ended 2021 and 2020 were \$0 and \$228,400, respectively. Total tangible property donations received in fiscal years 2021 and 2020 were approximately \$304,558 and \$89,724, respectively.

**Impairment** - Property, plant and equipment are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2021 and 2020.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- (i) Net investments in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt resulting from the acquisition, construction, or improvement of the assets.
- (ii) Restricted – consists of net position that has constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. Restricted assets are displayed in two components – expendable and nonexpendable. Nonexpendable net assets are those that are required to be retained in perpetuity.
- (iii) Unrestricted – consists of net position that does not meet the definition of “restricted” or “Net investment in capital assets.”

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

**Recent accounting pronouncements** – Management is currently evaluating the impact of the GASB issued statements below and does not believe such impact will be material to the Foundation’s financial statements:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, issued May 2020 and effective for fiscal year beginning June 15, 2022;

GASB Statement No. 87, Leases issued June 2017 and effective for the periods beginning after December 15, 2019.

Management has adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

**NOTES TO FINANCIAL STATEMENTS**

**2. PLEDGES RECEIVABLE**

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Pledges receivable include Agency Funds of \$3,477 at June 30, 2021.

The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received. Pledges recorded during fiscal years 2021 and 2020 were discounted at a rate of 2%. Amortization of discounts is included as contribution revenue.

Pledges receivable are only recorded for pledges which the collection is probable. If subsequent to initial recognition, changes in the estimated collectability of pledges occurs, an allowance for doubtful accounts is recorded.

Unconditional promises to give consist of the following:

		<b>2021</b>	<b>2020</b>
Pledges receivable	\$	1,571,605	428,971
Less: unamortized discount		35,567	8,579
Subtotal		1,536,038	420,392
Less: allowance for uncollectibles		6,731	237,150
Net unconditional promises to give	\$	1,529,307	183,242
Amount due in:			
Less than one (1) year	\$	71,173	46,009
One to five (5) years		1,011,152	368,795
More than five (5) years		489,280	14,167
Total	\$	1,571,605	428,971

**3. FAIR VALUE MEASUREMENTS**

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

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



**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2021 and 2020.

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

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

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

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

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

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

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

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

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation's financial statements at fair value as of June 30, 2021 and 2020, This table includes Agency Funds of \$2,848,386 and \$2,094,004 respectively:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>June 30, 2021</b>				
Common Stocks	\$ 28,193,917	\$ -	\$ -	\$ 28,193,917
Commingled Funds	-	85,491,963	-	85,491,963
Corporate Bonds U.S. Government Securities	2,485,971 4,991,740	- 3,097,661	- -	2,485,971 8,089,401
Real Estate Property	-	1,393,762	-	1,393,762
Hedge Funds	-	5,701,836	-	5,701,836
Cash / Money Market Funds	1,520,453	-	-	1,520,453
Accrued Interest / Unsettled Transactions	88,514	-	-	88,514
<b>Total assets in the fair value hierarchy</b>	<b>37,280,595</b>	<b>95,685,222</b>	<b>-</b>	<b>132,965,817</b>
Investments measured at net asset value	-	-	25,340,322	25,340,322
<b>Total Investments at fair value</b>	<b>\$ 37,280,595</b>	<b>\$ 95,685,222</b>	<b>\$ 25,340,322</b>	<b>\$ 158,306,139</b>

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>June 30, 2020</b>				
Common Stocks	\$ 19,903,517	\$ -	\$ -	\$ 19,903,517
Commingled Funds	-	65,205,595	-	65,205,595
Corporate Bonds	-	4,567,263	-	4,567,263
U.S. Government Securities	-	3,242,723	-	3,242,723
Hedge Funds	-	4,778,322	-	4,778,322
Real Estate Property	-	1,393,762	-	1,393,762
Cash / Money Market Funds	2,036,925	-	-	2,036,925
Accrued Interest / Unsettled Transactions	42,826	-	-	42,826
<b>Total assets in the fair value hierarchy</b>	21,983,268	79,187,665	-	101,170,933
Investments measured at net asset value	-	-	23,760,025	23,760,025
<b>Total Investments at fair value</b>	<b>\$ 21,983,268</b>	<b>\$ 79,187,665</b>	<b>\$ 23,760,025</b>	<b>\$ 124,930,958</b>

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

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

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

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

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

The following table discloses all investments whose value is calculated using NAV (or its equivalent), as a practical expedient for funds held at June 30, 2021 and 2020.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b><u>Commingled funds</u></b>				
Credit	\$ 8,697,682		Monthly	90 days
Diversified strategy	8,220,098		Quarterly, up to 25%	65 days
<b><u>Limited partnerships</u></b>				
Venture capital	3,721,947	\$ 2,050,000	Duration of Partnership	N/A
Private equity	4,349,390	6,270,005	Duration of Partnership	N/A
Private credit	3,626,695	1,187,056	Duration of Partnership	N/A
<b><u>Real assets</u></b>				
Real Estate Fund	5,251,549		Quarterly	45 – 90 days
Real Estate Fund	170,643		Duration of Partnership	N/A
<b>Total investments at June 30, 2021</b>	<u>\$ 34,038,004</u>	<u>\$ 9,507,061</u>		

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b><u>Commingled funds</u></b>				
Credit	\$ 6,712,487		Monthly	90 days
Diversified strategy	6,837,179		Quarterly, up to 25%	65 days
<b><u>Limited partnerships</u></b>				
Venture capital	979,304	\$ 3,530,000	Duration of Partnership	N/A
Private equity	1,350,808	5,520,005	Duration of Partnership	N/A
Private credit	2,819,248	1,395,794	Duration of Partnership	N/A
<b><u>Real assets</u></b>				
Strategic solutions core real estate fund	5,060,999		Quarterly	45 – 90 days
<b>Total investments at June 30, 2020</b>	<u>\$ 23,760,025</u>	<u>\$ 10,445,799</u>		

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**3. FAIR VALUE MEASUREMENTS (Continued)**

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the fiscal years ended June 30, 2021 and 2020:

	<u>Commingled Funds and Limited Partnerships</u>	<u>Real Estate and Real Estate Fund</u>	<u>Total</u>
Balance June 30, 2019	\$ 17,777,761	\$ 4,760,469	\$ 22,538,230
Sales	(2,459,043)	-	(2,459,043)
Purchases	3,425,290	-	3,425,290
Net realized and unrealized gains (losses)	(44,982)	300,530	255,548
Balance June 30, 2020	<u>18,699,026</u>	<u>5,060,999</u>	<u>23,760,025</u>
Sales	(591,116)	(112,765)	(703,881)
Purchases	4,801,238	283,408	5,084,646
Net realized and unrealized gains (losses)	3,721,469	190,549	3,912,018
Transfers out to level 2	(6,712,486)		(6,712,486)
Balance June 30, 2021	<u>\$ 19,918,131</u>	<u>\$ 5,422,191</u>	<u>\$ 25,340,322</u>

**4. CASH AND INVESTMENTS**

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

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

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**4. CASH AND INVESTMENTS (Continued)**

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

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Govt Money Market	\$ 5,669,009	AAA	N/A
Domestic Fixed Income	4,259,174	AA+	Greater than five years
Domestic Fixed Income	732,566	AA+	One to five years
Multi-manager Fixed Income	4,507,266	AA-	6.58 yrs
Domestic Fixed Income	856,041	AA	6.59 yrs
Domestic Fixed Income	726,343	A-	Greater than five years
Domestic Fixed Income	224,561	A-	One to five years
Domestic Fixed Income	1,403,803	BBB+	Greater than five years
Domestic Fixed Income	131,263	BBB+	One to five years
Multi-manager Fixed Income	8,697,682	BBB	1.65 yrs
Mortgage-Backed Securities	3,097,661		Greater than five years
Total	<u>\$ 30,305,369</u>		

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Govt Money Market	\$ 535,070	AAA	N/A
Domestic Fixed Income	652,367	AA+	Greater than five years
Domestic Fixed Income	2,174,079	AA+	One to five years
Domestic Fixed Income	137,841	A+	Greater than five years
Multi-manager Fixed Income	6,961,683	AA-	5.59 yrs
Domestic Fixed Income	446,394	A	Greater than five years
Domestic Fixed Income	100,422	A	One to five years
Domestic Fixed Income	2,436,845	A-	Greater than five years
Domestic Fixed Income	365,295	A-	One to five years
Domestic Fixed Income	1,161,149	BBB+	Greater than five years
Domestic Fixed Income	335,603	BBB+	One to five years
Multi-manager Fixed Income	6,712,486	BBB-	2.73 yrs
Total	<u>\$ 22,019,234</u>		

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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (Continued)**

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

**Alternative Investments\***

	2021	2020
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic Fixed Income	\$ 1,183,006	\$ 1,094,000
International Fixed Income	863,452	754,559
Hedge Funds	7,282,073	5,749,011
Private debit	5,422,191	5,061,000
Total	<u>\$ 14,750,722</u>	<u>\$ 12,658,570</u>

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

**Custodial Credit Risk** - Custodial Credit Risk is the risk that in the event of a bank failure or the failure of the counterparty, the Foundation's deposits may not be returned to it, or it may not be able to recover the value of its investments that are in the possession of an outside party. On June 30, 2021 and 2020, the Foundation has accounts in financial institutions with balances of \$6,746,181 and \$505,948 in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000, respectively. Included in these amounts are Agency funds of \$612,434 on June 30, 2021 and \$585,004 on June 30, 2020. In addition, the Foundation had balances of \$156,412,377 and \$123,037,196 respectively, on June 30, 2021 and 2020 in excess of the Securities Investor's Protection Corporation ("SIPC") insurance coverage of \$500,000. Included in these amounts are Agency funds of \$2,848,386 on June 30, 2021 and \$2,094,004 on June 30, 2020. Invested securities and cash are also covered by the brokerage custodian and its parent company for amounts in excess of the SIPC limit. Management believes no material risk of loss will be sustained from holding these assets with these institutions.

	<b>Cash</b>	<b>Investments, and real estate</b>
Balance at 6/30/2021	\$ 6,996,181	\$ 156,912,377
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 6,746,181</u>	<u>\$ 156,412,377</u>
Balance at 6/30/20	\$ 755,948	\$ 123,537,196
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 505,948</u>	<u>\$ 123,037,196</u>

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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (Continued)**

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

The Foundation invests the majority of its excess operating cash. Operating pool investments consisted of \$37,915,191 for the year ended June 30, 2021, is 23.9% of investments. Operating pool investments consisted of \$27,902,490 for the year ended June 30, 2020, is 22.3% of investments.

Endowment pool investments consisted of \$118,997,186 for the year ended June 30, 2021, is 75.2% of investments. Agency fund endowments totaling \$2,848,386 are included in this amount. Endowment pool investments consisted of \$95,634,705 for the year ended June 30, 2020, is 76.5% of investments. Agency fund endowments totaling \$2,094,004 are included in this amount.

Real estate property consisted of \$1,393,762, for the year ended June 30, 2021, is 0.9% of investments. Real estate property consisted of \$1,393,762, for the year ended June 30, 2020, is 1.2% of investments.

The following schedule summarizes the investment activity for the year ended June 30, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
<b>Investment returns, net of fees</b>		
Interest and dividend income	\$ 460,955	\$ 742,801
Net realized gain/(loss)	5,908,976	315,011
Change in net unrealized (loss)	27,558,598	(1,071,869)
Consulting fees	(512,287)	(282,531)
<b>Total investment returns, net</b>	<b>33,416,242</b>	<b>(296,588)</b>
<b>Other investment activities</b>		
Incoming gifts	113,646	125,260
Cash deposits	2,500,000	-
Cash withdrawals	(2,800,000)	(2,000,000)
Real estate improvements	-	48,977
<b>Total investment activity</b>	<b>\$ 33,229,888</b>	<b>\$ (2,122,351)</b>



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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (Continued)**

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

The fiduciary fund has unrealized gains/losses on investments of \$507,524 and \$(18,097), realized gains of \$107,406 and \$170, interest and dividend income of \$6,703 and \$10,287, as well as investment fees of \$8,176 and \$6,173 as of June 30, 2021 and 2020, respectively. These funds are included in the table above.

**5. CAPITAL ASSETS**

Land, buildings, and equipment used by the Foundation are stated at cost, if purchased. The Foundation purchased a building at a cost of \$700K during the period ending June 30, 2012. The cost was allocated as follows: land at a price of \$180K and the building at \$520K. The Foundation uses approximately 15% of the building for its administrative offices and the remainder is used for investment purposes. The Foundation depreciates fixed assets used by the Foundation on a straight-line basis over the estimated useful life ranging from three to thirty years. Upon retirement or disposition, the asset's carrying value and related accumulated depreciation are relieved and the resulting gain or loss is included in the statements of revenues, expenses and changes in net position.

	June 30, 2020	Additions	Disposals	June 30, 2021
Non-depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Depreciable assets				
Building	78,000	-	-	78,000
Capital Improvements	69,240	-	-	69,240
Equipment	164,845	3,518	-	168,363
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>336,660</u>	<u>3,518</u>	<u>-</u>	<u>340,178</u>
Accumulated depreciation	<u>(178,375)</u>	<u>(17,869)</u>	<u>-</u>	<u>(196,244)</u>
Net depreciable assets	<u>158,285</u>	<u>(14,351)</u>	<u>-</u>	<u>143,934</u>
Total Capital assets	<u>\$ 185,285</u>	<u>\$ (14,351)</u>	<u>\$ -</u>	<u>\$ 170,934</u>

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**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (Continued)**

	June 30, 2019	Additions	Disposals	June 30, 2020
Non-depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Depreciable assets				
Building	78,000	-	-	78,000
Capital Improvements	60,597	8,643	-	69,240
Equipment	164,845	-	-	164,845
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>328,017</u>	<u>8,643</u>	<u>-</u>	<u>336,660</u>
Accumulated depreciation	<u>(159,789)</u>	<u>(18,586)</u>	<u>-</u>	<u>(178,375)</u>
Net depreciable assets	<u>168,228</u>	<u>(9,943)</u>	<u>-</u>	<u>158,285</u>
Total Capital assets	<u>\$ 195,228</u>	<u>\$ (9,943)</u>	<u>\$ -</u>	<u>\$ 185,285</u>

Total depreciation expense was \$17,869 and \$18,586 in 2021 and 2020, respectively. Total accumulated depreciation on June 30, 2021 and 2020 was \$196,244 and \$178,375, respectively.

**6. ENDOWMENTS**

The Foundation's endowment consists of approximately 440 funds (projects) established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net position associated with endowment funds are classified and reported based on donor-imposed restrictions.

Certain endowments that have been pledged but not yet received are not recognizable. The amounts of endowments that have been pledged but not yet received and excluded from recognition totals \$695,536 and \$622,637 for the years ended June 30, 2021 and 2020, respectively.

**Interpretation of Relevant Law**

The Foundation's Board of Directors has interpreted the laws of the Statute of the State of Florida Section 617.2104 – Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA). Based on such laws, the governing board may expend so much of an endowment fund as the governing board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

In making its determination the governing board used reasonable care, skill, and caution in considering the following:

1. The duration and preservation of endowed funds;
2. The purposes of the Foundation and endowed funds;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policy of the Foundation.

Expenditures made are considered prudent as the amount expended is consistent with the goal of preserving the purchasing power of the endowment fund.

As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the original value of other corpus additions including state match provided to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is nonexpendable Restricted Net Position is classified as Expendable restricted net position until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by Florida UPMIFA.

***Investment Policy & Supervision***

The Investment Committee of the Foundation's Board of Directors is responsible for investing the Foundation's endowment funds. The committee, with the help of an independent investment advisor, develops proper investment policies and employs professional investment managers to execute those policies.

All the endowment funds of the Foundation are combined for the purposes of investment. The chief objective of the investment pool is to grow the corpus in excess of inflation and to meet both current and future obligations as dictated by the spending policy, net of operation costs.

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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

Investment management of the assets of the Foundation shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
US Equity	30%	55%
Non-US Equity	5%	25%
US Core Fixed Income	5%	50%
Global Fixed Income	0%	25%
Other Assets*	0%	30%
Cash and Equivalents	0%	10%

\*Other assets refer to investments made in hedge funds, private equity, real assets and commodity related investments.

In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate returns from capital appreciation and dividend and interest income.

**Investment goals include the following:**

- Preservation of Purchasing Power – After giving consideration to minimum annual gifts/contributions, to achieve annual total returns in excess of the rate of inflation (CPI +1%) plus spending over the investment horizon in order to preserve purchasing power of Fund assets.
- Long-Term Growth of Capital -To emphasize long-term growth of principal while controlling excessive risk. Short-term (one year or less) volatility of Total Fund values will be tolerated in as much as it is consistent with the volatility of a comparable market index.
- Liquidity - To ensure the ability of the Fund to meet all expected or unexpected annual cash flow needs by investing a minimum of 80% of all Foundation assets in securities which can be sold readily and efficiently.

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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

It is the goal of the Foundation to grow total assets at a rate that will equal or exceed annually:

1. The rate of annual Foundation spending, plus the rate of inflation as measured by the Consumer Price Index (CPI) + 1%, after giving consideration to minimum annual gifts/contributions.
2. An absolute rate of return of 7%.
3. The return of a custom blended composite market index.

***Spending Policy***

The FAMU Foundation endowment spending policy is designed to provide a steady income flow to the foundation stakeholders for their current and future needs while maintaining the purchasing power of the endowed assets.

The FAMU Foundation sets annual spending at a rate of 3.0% and the administrative fee rate at 1.5% for a total of 4.5% annual spending. Spending is distributed at the start of each fiscal year (July 1<sup>st</sup>).

In the annual distribution method, there is a tendency to pay out the “excess” earnings during periods of over-performance, while maintaining a certain absolute dollar floor of spending during periods of under-performance.

The following table presents the Foundation’s endowments composition, changes, and net position classifications for year ended June 30, 2021.

	<u>Restricted Expendable</u>	<u>Permanently Restricted Nonexpendable</u>	<u>Total</u>
Endowment net assets (deficit), beginning of year	<u>\$ 5,705,087</u>	<u>\$ 89,929,618</u>	<u>\$ 95,634,705</u>
Investment return:			
Investment income	9,906	-	9,906
Net realized and unrealized gains	<u>25,082,242</u>	<u>-</u>	<u>25,082,242</u>
Total investment return	<u>30,797,235</u>	<u>-</u>	<u>120,726,853</u>
Contributions	-	2,814,911	2,814,911
Appropriation of endowment assets for expenditure	<u>(4,544,577)</u>	<u>-</u>	<u>(4,544,577)</u>
Endowment net assets, end of year	<u>\$ 26,252,658</u>	<u>\$ 92,744,529</u>	<u>\$ 118,997,187</u>

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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

The Endowment net assets end of year balance on this schedule does not tie to the 2021 nonexpendable endowments net position because the National Alumni Assoc. and Rattler Boosters (Fiduciary funds) endowment balances of \$2.2 million are reflected in the net position restricted for Agency Funds on the Statements of Fiduciary Net Position. Also, the net receivables/payables for investments is reflected in nonexpendable endowments net position.

This schedule includes Agency Fund endowment contributions of \$235,481, investment returns of \$621,633, and an appropriation of \$94,556 and is reported on the Statements of Changes in Fiduciary Net Position.

The following table presents the Foundation's endowments composition, changes, and net position classifications for year ended June 30, 2020.

	<u>Restricted Expendable</u>	<u>Permanently Restricted Nonexpendable</u>	<u>Total</u>
Endowment net assets (deficit), beginning of year	<u>\$ 10,341,918</u>	<u>\$ 87,871,171</u>	<u>\$ 98,213,089</u>
Investment return:			
Investment income	302,478	-	302,478
Net realized and unrealized gains	<u>(539,883)</u>	<u>-</u>	<u>(539,883)</u>
Total investment return	<u>10,104,513</u>	<u>-</u>	<u>97,975,684</u>
Contributions	-	2,058,447	2,058,447
Appropriation of endowment assets for expenditure	<u>(4,399,426)</u>	<u>-</u>	<u>(4,399,426)</u>
Endowment net assets , end of year	<u>\$ 5,705,087</u>	<u>\$ 89,929,618</u>	<u>\$ 95,634,705</u>

The Endowment net assets beginning of year balance on schedule does not tie to the 2020 nonexpendable endowments net position because the National Alumni Assoc. and Rattler Boosters (Agency funds) endowment balances of \$2.0 million are reflected in the net position restricted for Agency Funds on the Statements of Fiduciary Net Position. Also, the net receivables/payables for investments is reflected in nonexpendable endowments net position.

This schedule includes Agency Fund endowment contributions of \$137,527, investment losses of \$7,640, and an appropriation of \$85,542 and is reported on the Statements of Changes in Fiduciary Net Position.

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**NOTES TO FINANCIAL STATEMENTS**

**8. REAL ESTATE HELD FOR SALE**

Contributions of real estate held for sale are generally recorded at their appraised value at the date of gift. Real estate held for sale is actively marketed with relators and is expected to be sold at a reasonable price.

The table below sets forth a summary of changes in real estate held for sale for the fiscal year ended June 30.

	2021	2020
Real estate held for sale, beginning of year	\$ 228,400	\$ -
Donations	-	228,400
Disposals	-	-
Real estate held for sale, end of year	\$ 228,400	\$ 228,400

**9. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities is as follows:

	Balance as of July 1, 2020	Additions	Reductions	Balance as of June 30, 2021	Due in one year
Scholarships Payable	\$ 1,736,167	\$ 1,027,891	\$ -	\$ 2,764,058	\$454,721
Deposits	6,119	-	432	5,687	-

	Balance as of July 1, 2019	Additions	Reductions	Balance as of June 30, 2020	Due in one year
Scholarships Payable	\$ 3,080,514	\$ -	\$1,344,347	\$ 1,736,167	\$121,881
Deposits	4,000	2,119	-	6,119	-

Long-term scholarships payables represent a portion of scholarships that will be paid to the University over a period of approximately 15 to 20 years, as earnings allows. No interest is to be paid.

Deposits represent tenant security payments made by occupants of the Small Business Development Center and the FAMU Medical Marijuana Education Initiative for Minority Communities. Deposits become current in the year that the lease terminates.

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**NOTES TO FINANCIAL STATEMENTS**

**10. ADMINISTRATIVE FEES**

The Foundation funds its operations and advancements programs through a series of fees. The fees are part of the Foundation's operating budget.

During the fiscal year ended June 30, the Foundation assessed the following fees:

	2021	2020
Fees assessed on pooled investments	\$ 1,184,895	\$ 1,137,700
Gift fees	369,115	264,235
Non-gift fees	40,985	89,041
Total fees	<u>\$ 1,594,995</u>	<u>\$ 1,490,976</u>

**11. RELATED PARTY TRANSACTIONS**

The Foundation executed a commercial lease with the Small Business Development Center (SBDC), a University office, as a tenant in the Foundation Building. The lease agreement requires SBDC to make monthly lease payments of \$3,000 to the Foundation through May 31, 2021. The lease has been extended on a month to month basis. The Foundation executed a commercial lease with the FAMU Medical Marijuana Education Initiative for Minority Communities (FMMI), a University office, as a tenant in the Foundation Building. The lease agreement requires FMMI to make monthly lease payments of \$1,000 to the Foundation through September 30, 2019. The lease has been extended on a month to month basis. The Foundation received \$48,000 and \$48,000 in lease payments from the University during the year ended June 30, 2021 and 2020, respectively. These amounts are included in miscellaneous income in the accompanying statement of activities.

**12. PRIOR PERIOD ADJUSTMENTS**

A net adjustment was made to reclass \$50,984 from expendable net position to Agency Funds net position, and to report Agency Fund transactions of \$121,873 net change on the Statements of Changes in Fiduciary Net Position.

**13. SUBSEQUENT EVENTS**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 4, 2021, the date which the financial statements were available to be issued. During the period from June 30, 2021 to October 4, 2021, the Foundation did not have any material recognizable subsequent events.



## *Supplemental Schedules*

Florida A&M University Foundation, Inc.  
 MAJOR GIFTS PROGRAM  
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES  
 For Fiscal Year 2020-2021  
 [Endowments submitted under the D.C.U. State Matching Program in accordance with F.S. 1011.94]

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2020	Corpus Contributed During FY 20-21	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2021
Sec Cen Camp 1, 4 & 5	\$ 450,000	\$ 834,434	\$ -	\$ 21,896	\$ 13,500	\$ 7,301	\$ 450,000	\$ 835,529
Sec Cen Camp 2 & 3	300,000	439,061	-	14,540	976	15,090	300,000	437,535
Sec Cen Camp 14	150,000	229,926	-	6,939	3,000	38,055	150,000	195,810
Sec Cent Camp 24	150,000	159,074	-	5,808	3,698	7,160	150,000	154,024
Sec Cen Camp 25	150,000	170,648	-	8,506	279	22,982	150,000	155,893
Sec Cen Camp 26	150,000	236,635	-	7,313	2,231	2,458	150,000	239,259
Sec Cen Camp 27	150,000	319,597	-	7,279	-	2,426	150,000	324,450
Sec Cen Camp 28	150,000	158,331	-	7,529	4,562	7,243	150,000	154,055
Sec Cen Camp 33	300,000	413,996	-	14,730	-	92,614	300,000	336,112
Sec Cen Camp 34	150,000	157,831	-	8,909	373	13,389	150,000	152,978
Sec Cen Camp 35	150,000	259,762	-	7,040	1,106	2,346	150,000	263,350
Sec Cen Camp 38-40	450,000	747,180	-	21,896	-	7,299	450,000	761,777
Sec Cen Camp 41-43	450,000	536,740	-	21,968	-	14,821	450,000	543,887
Sec Cen Camp 44-48	750,000	1,024,335	-	31,701	-	6,490	750,000	1,049,546
Sec Cen Camp 49-51	450,000	582,229	-	21,896	-	7,299	450,000	596,826
Sec Cen Camp 52-53	300,000	486,826	-	17,517	-	5,839	300,000	498,504
Sec Cen Camp 57	1,164,977	1,461,042	-	56,439	3,418	129,101	1,164,977	1,384,962
Sec Cen Camp 58	315,898	435,410	-	15,588	632	55,440	315,898	394,926
Sec Cen Camp 61	247,500	433,975	-	12,043	5,333	4,014	247,500	436,671
Sec Cen Camp 62	300,000	463,316	-	17,517	2,596	5,871	300,000	472,366
Sec Cen Camp 64	375,000	467,469	-	18,246	-	6,082	375,000	479,633
Sec Cen Camp 65	150,000	301,221	-	7,298	-	2,433	150,000	306,086
Sec Cen Camp 66	172,500	316,059	-	7,307	-	19,936	172,500	303,430
Sec Cen Camp 67	300,000	316,975	-	14,597	-	4,866	300,000	326,706
Sec Cen Camp 68	210,000	346,100	-	11,425	279	110,069	210,000	247,177
Sec Cen Camp 69	172,500	187,296	-	8,068	-	12,366	172,500	182,998
Sec Cen Camp 70	360,283	511,841	-	17,270	3,063	6,379	360,283	519,669
Sec Cen Camp 71	300,000	537,928	-	8,758	6,600	2,922	300,000	537,164
Sec Cen Camp 72	217,500	305,680	-	11,790	279	15,494	217,500	301,697
Sec Cen Camp 74	574,380	783,274	-	30,844	1,649	39,422	574,380	773,047
Sec Cen Camp 75	396,000	601,738	-	20,575	1,876	24,272	396,000	596,165
Balance Forward	\$ 9,906,538	\$ 14,225,929	\$ -	\$ 483,232	\$ 55,450	\$ 691,479	\$ 9,906,538	\$ 13,962,232

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2020	Corpus Contributed During FY 20-21	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2021
Balance Forward	\$ 9,906,538	\$ 14,225,929	\$ -	\$ 483,232	\$ 55,450	\$ 691,479	\$ 9,906,538	\$ 13,962,232
Sec Cen Camp 77	1,190,000	1,358,750	-	52,683	8,507	88,716	1,190,000	1,314,210
Sec Cen Camp 79	1,219,451	1,616,151	-	72,506	15,905	18,111	1,219,451	1,654,641
Sec Cen Camp 80	150,000	212,014	-	8,909	373	18,389	150,000	202,161
Sec Cen Camp 85	229,082	291,385	-	11,036	3,123	1,932	229,082	297,366
Sec Cen Camp 86	750,000	789,155	-	44,543	1,863	71,944	750,000	759,891
Sec Cen Camp 87	225,000	290,458	-	10,948	-	3,649	225,000	297,757
FAMU Endowment #1	411,200	526,809	-	20,384	3,922	6,582	411,200	536,689
FAMU Endowment #2	402,000	461,957	-	19,444	1,832	60,693	402,000	418,876
FAMU Endowment #3	320,997	439,548	-	15,665	10,000	5,222	320,997	439,991
FAMU Endowment #4	351,023	478,285	-	17,170	4,295	5,724	351,023	485,436
FAMU Endowment #5	187,500	266,322	-	9,153	10,000	3,051	187,500	262,424
Walt Disney World Family Law	225,000	483,815	-	10,948	-	3,649	225,000	491,114
FAMU Endowment #6	343,812	375,561	-	16,844	388	5,143	343,812	386,874
FAMU Endowment #7	358,495	407,508	-	17,301	2,759	37,495	358,495	384,555
Moot Court & Law Review Endt	1,275,000	1,300,197	-	62,092	12,088	20,742	1,275,000	1,329,459
FAMU Endowment #8	184,881	255,465	-	8,955	1,914	12,628	184,881	249,878
FAMU Endowment #9	183,393	240,892	-	8,834	2,725	2,378	183,393	244,623
FAMU Endowment #10	183,917	209,077	-	8,949	-	29,970	183,917	188,056
National Alumni Association	150,000	159,754	-	7,550	-	2,517	150,000	164,787
Walt Disney World Family Law	100,000	201,052	-	4,866	-	1,622	100,000	204,296
FAMU Endowment #11	640,919	654,280	-	29,115	6,171	31,260	640,919	645,964
Scholarship Endowment I	150,000	263,083	-	7,111	-	2,371	150,000	267,823
Scholarship Endowment 2 & 3	-	-	-	-	-	-	-	-
Scholarship Endowment 4 & 5	300,000	513,933	-	14,385	2,750	12,154	300,000	513,414
Scholarship Endowment 6 & 7	300,000	380,292	-	14,413	3,718	9,435	300,000	381,552
Corporate Banquet	150,000	196,374	-	7,299	-	23,741	150,000	179,932
Honeywell, Inc. Endowment	150,000	155,538	-	6,568	3,158	2,189	150,000	156,759
Arts Scholarship Endowment	300,000	407,143	-	14,597	10,000	4,866	300,000	406,874
Faculty & Staff Endowment	300,000	310,659	-	14,531	3,106	20,492	300,000	301,592
Journalism	450,000	480,460	-	22,326	(18,069)	7,442	450,000	513,413
Centennial I, II, III	450,000	496,527	-	21,468	-	7,156	450,000	510,839
SBI Endowments (Various)	13,781,873	18,325,498	-	826,492	591,572	278,060	13,781,873	18,282,358
<b>TOTAL</b>	<b>\$ 35,320,081</b>	<b>\$ 46,773,871</b>	<b>\$ -</b>	<b>\$ 1,890,317</b>	<b>\$ 737,550</b>	<b>\$ 1,490,802</b>	<b>\$ 35,320,081</b>	<b>\$ 46,435,836</b>

\* SCCE - Second Century Campaign Endowment

Florida A&M Univeristy Foundation, Inc.  
 EMINENT SCHOLARS CHAIRS  
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES  
 For Fiscal Year 2020-2021  
 [Endowments submitted under the D.C.U. State Matching Program in accordance with F.S. 1011.94]

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2020	Corpus Contributed During FY 20-21	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2021
Warner Lambert Chair	\$ 1,000,000	\$ 1,851,394	\$ -	\$ 48,658	\$ -	\$ 16,219	\$ 1,000,000	\$ 1,883,833
Centennial Business Chair	1,000,000	1,460,230	-	48,658	35,640	16,227	1,000,000	1,457,021
Anheuser Busch Chair	1,000,000	1,136,315	-	48,658	-	16,219	1,000,000	1,168,754
Knight Chair for Student Achievement	1,762,440	1,906,336	-	112,199	85,120	(66,422)	1,762,440	1,999,837
Garth Reeves Chair	1,000,000	1,031,446	-	48,682	-	16,227	1,000,000	1,063,901
Foster-Edmond Chair	1,020,000	1,428,166	-	49,631	-	16,544	1,020,000	1,461,253
SBI Financial Services Chair	1,020,000	1,724,617	-	49,631	-	16,544	1,020,000	1,757,704
Carrie Meek Chair	1,020,000	1,993,681	-	49,631	-	16,544	1,020,000	2,026,768
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	1,852,733	-	85,152	32,480	28,424	1,750,001	1,876,981
Sybil C. Mobley Endowed Chair	2,523,798	3,152,633	-	123,120	76,360	41,052	2,523,798	3,158,341
<b>TOTAL CHAIRS</b>	<b>\$ 13,096,239</b>	<b>\$ 17,537,551</b>	<b>\$ -</b>	<b>\$ 664,020</b>	<b>\$ 229,600</b>	<b>\$ 117,578</b>	<b>\$ 13,096,239</b>	<b>\$ 17,854,393</b>

Florida Agricultural and Mechanical University Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2021 and 2020

	June 30, 2021					June 30, 2020						
	Program Services				Management & General	Total	Program Services				Management & General	Total
	University Support	Scholarships and Grants	Fundraising				University Support	Scholarships and Grants	Fundraising			
Scholarships and grants	\$ -	\$ 1,794,400	\$ -	\$ -	\$ 1,794,400	\$ -	\$ 2,036,715	\$ -	\$ -	\$ 2,036,715		
Salaries and fringe benefits	1,075,880	-	-	813,778	1,889,658	1,162,188	-	-	828,163	1,990,351		
Contract services	917,812	-	-	31,038	948,850	403,761	-	-	43,216	446,977		
Equipment purchases	372,209	-	135,175	137,052	644,436	222,476	-	95,347	141,718	459,541		
Travel and meetings	13,509	-	4,936	(628)	17,817	244,597	-	104,827	44,095	393,519		
Materials and supplies	228,023	-	91,900	13,114	333,037	340,171	-	145,788	25,977	511,936		
Professional fees	437,395	-	151,103	159,633	748,131	277,483	-	118,921	373,530	769,934		
Entertainment and dinners	185,567	-	34,407	6,590	226,564	458,279	-	196,405	75,191	729,875		
Repairs and maintenance	66,940	-	23,544	54,996	145,480	119,934	-	51,400	80,850	252,184		
Postage	3,049	-	1,301	312	4,662	1,057	-	453	135	1,645		
Dues and subscriptions	259,473	-	-	(652)	258,821	71,531	-	-	298	71,829		
Insurance	42,746	-	-	25,159	67,905	6,352	-	-	17,793	24,145		
Equipment rental	2,424	-	-	2,459	4,883	130,799	-	-	3,122	133,921		
Printing and advertising	48,686	-	10,504	2,417	61,607	48,036	-	20,587	1,526	70,149		
Telephone	-	-	-	4,999	4,999	201	-	201	1,160	1,562		
Rent	29,809	-	-	135	29,944	33,584	-	-	-	33,584		
Depreciation	-	-	-	17,869	17,869	-	-	-	18,587	18,587		
Utilities	7,771	-	-	46,444	54,215	5,810	-	-	42,772	48,582		
Training and seminars	49,521	-	17,975	15,066	82,562	87,445	-	37,477	16,524	141,446		
Taxes and licenses	12,496	-	5,355	9,762	27,613	21,076	-	9,033	1,985	32,094		
Bank charges	51,426	-	-	7,866	59,292	42,911	-	-	9,729	52,640		
Contributions	31,529	-	13,512	-	45,041	69,621	-	29,838	19,206	118,665		
Donated In-Kind Donations	304,558	-	-	-	304,558	89,724.00	-	-	-	89,724		
Other university support	374,594	-	-	-	374,594	1,796,930	-	-	-	1,796,930		
Provision for uncollectible pledges	-	-	321,199	-	321,199	-	-	375,006	-	375,006		
Miscellaneous	(525)	-	(225)	-	(750)	13,818	-	5,922	-	19,740		
<b>Total</b>	<b>\$ 4,514,892</b>	<b>\$ 1,794,400</b>	<b>\$ 810,686</b>	<b>\$ 1,347,409</b>	<b>\$ 8,467,387</b>	<b>\$ 5,647,784</b>	<b>\$ 2,036,715</b>	<b>\$ 1,191,205</b>	<b>\$ 1,745,577</b>	<b>\$ 10,621,281</b>		



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**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**

*Independent Auditor's Report*

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

We have audited 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, the financial statements of the financial statements of the Florida Agricultural & Mechanical University Foundation, Inc. (The "Foundation") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 4, 2021.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

## **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 determination of financial statement amounts. 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.

Miami, Florida  
October 4, 2021

*BCA Watson Rice LLP*

**Florida A&M University Foundation, Inc.**  
Schedule of Findings and Responses  
June 30, 2021

**Current Year Findings**

None.

**Prior Year Findings**

**2021-001: Classification of Funds**

**Condition:**

Donor funds are held in three categories, board designated or unrestricted, expendable restricted, and non-expendable restricted. It was noted that spending activity for several board designated funds were included as expendable restricted funds. As such, a reclass has been made to reclassify the activity to the appropriate net asset type.

**Current Year Status:**

Condition not noted in current year.

There are no items related to State financial assistance required to be reported in the management letter.