

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

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



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

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

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Independent Auditor's Report

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

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Florida Agricultural & Mechanical University Foundation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Miami, Florida
October 2, 2023

BCA Watson Rice LLP

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

FIDUCIARY FUNDS

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

STATEMENT OF NET POSITION

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

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

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

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

Assets

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

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

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

Liabilities

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

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

Net Position

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

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

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

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

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

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

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

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

Operating Revenues
(For the Fiscal Years Ending June 30)

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

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

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

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

Operating Expenses
(For the Fiscal Years Ending June 30)

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

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

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

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

STATEMENT OF CASH FLOWS

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

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2023, and the preceding two fiscal years:

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

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

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

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

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

CAPITAL ASSETS

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

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

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

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

REQUEST FOR INFORMATION

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

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

STATEMENTS OF NET POSITION

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

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

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

STATEMENTS OF FIDUCIARY NET POSITION

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended June 30, 2023 and 2022

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

See accompanying notes to the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

1. CASH AND INVESTMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

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

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

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

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

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

Alternative Investments*

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

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

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

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

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

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

1. CASH AND INVESTMENTS (Continued)

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

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

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

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

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

2. FAIR VALUE MEASUREMENTS

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

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

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

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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENTS

The Foundation's endowment consists of approximately 620 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 \$1,550,328 and \$687,539 for the years ended June 30, 2023 and 2022, respectively.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). These deficiencies can result from unfavorable market fluctuations and continued appropriation by the Foundation. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. For year ended June 30, 2023, funds with original gift values of \$4,721,694, fair values of \$4,581,357 and deficiencies of \$140,337 were reported in net position with donor restrictions. For year ended June 30, 2022, funds with original gift values of \$5,890,617, fair values of \$5,493,984 and deficiencies of \$396,633 were reported in net position with donor restrictions.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENTS (Continued)

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.

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

Asset Class	Target	Minimum	Maximum
Fixed Income	10%	5%	15%
Global Equities	40%	35%	45%
Private Markets	20%	10%	30%
Hedge Funds	20%	15%	25%
Real Estate	5%	0%	10%
Natural Resources	5%	0%	10%
Cash Equivalents	0%	0%	5%

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.

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NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENTS (Continued)

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 CPI +1% plus spending over the investment horizon in order to preserve purchasing power of Fund assets.
- An absolute rate of return of 7%.
- 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 within the assets classes minimum and maximums and seeking to limit all hedge fund share classes with average lock ups of one year or less.

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 1st).

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.

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NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENTS (Continued)

The following table presents the Foundation's endowments composition, changes, and net position classifications for year ended June 30, 2023.

	<u>Restricted Expendable</u>	<u>Permanently Restricted Nonexpendable</u>	<u>Total</u>
Endowment net assets (deficit), beginning of year	<u>\$ 13,090,250</u>	<u>\$ 98,387,043</u>	<u>\$ 111,477,293</u>
Investment return:			
Investment income	1,232,872	-	1,232,872
Net realized and unrealized gains	<u>5,307,562</u>	-	<u>5,307,562</u>
Total investment return	<u>6,540,434</u>	-	<u>6,540,434</u>
Contributions	-	3,518,546	3,518,546
Term endowments released	-	(4,388,551)	(4,388,551)
Appropriation of endowment assets for expenditure	<u>(3,769,638)</u>	-	<u>(3,769,638)</u>
Endowment net assets, end of year	<u>\$ 15,861,046</u>	<u>\$ 97,517,038</u>	<u>\$ 113,378,084</u>

The Endowment net assets end of year balance on this schedule does not tie to the 2023 nonexpendable endowments net position because the National Alumni Assoc. and Rattler Boosters (Fiduciary funds) endowment balances of \$2.7 million are reflected in the net position restricted for Fiduciary 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 Fiduciary Fund endowment contributions of \$229,800, investment returns of \$179,734, and an appropriation of \$111,848 and is reported on the Statements of Changes in Fiduciary Net Position.

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NOTES TO FINANCIAL STATEMENTS

3. ENDOWMENTS (Continued)

The following table presents the Foundation's endowments composition, changes, and net position classifications for year ended June 30, 2022.

	Restricted Expendable	Permanently Restricted Nonexpendable	Total
Endowment net assets (deficit), beginning of year	\$ 26,252,658	\$ 92,744,529	\$ 118,997,187
Investment return:			
Investment income	464,750	-	464,750
Net realized and unrealized gains	(9,679,974)	-	(9,679,974)
Total investment return	(9,215,224)	-	(9,215,224)
Contributions	-	5,642,514	5,642,514
Appropriation of endowment assets for expenditure	(3,947,184)	-	(3,947,184)
Endowment net assets, end of year	\$ 13,090,250	\$ 98,387,043	\$ 111,477,293

The Endowment net assets beginning of year balance on schedule does not tie to the 2022 nonexpendable endowments net position because the National Alumni Assoc. and Rattler Boosters (Fiduciary funds) endowment balances of \$2.5 million are reflected in the net position restricted for Fiduciary 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 Fiduciary Fund endowment contributions of \$242,659, investment returns of \$(230,274), and an appropriation of \$98,846 and is reported on the Statements of Changes in Fiduciary Net Position.

4. 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 Fiduciary Funds of \$300 at June 30, 2023 and \$2,150 at June 30, 2022.

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 2023 and 2022 were discounted at a rate of 2%. Amortization of discounts is included as contribution revenue.

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NOTES TO FINANCIAL STATEMENTS

4. PLEDGES RECEIVABLE (Continued)

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:

		2023	2022
Pledges receivable	\$	4,045,737	2,544,551
Less: unamortized discount		80,915	50,891
Subtotal		3,964,822	2,493,660
Less: allowance for uncollectibles		69,338	35,227
Net unconditional promises to give	\$	3,895,484	2,458,433
Amount due in:			
Less than one (1) year	\$	2,159,782	1,034,076
One to five (5) years		1,246,957	1,405,746
More than five (5) years		638,998	104,729
Total	\$	4,045,737	2,544,551

5. CASH SURRENDER VALUE OF LIFE INSURANCE

The cash surrender value of life insurance policies is net of any outstanding policy loans and totaled \$74,944 and \$57,539 as of June 30, 2023 and 2022, respectively. The net death benefit value of the underlying life insurance in force was approximately \$1.4 million at June 30, 2023 and 2022. Various individuals have donated policies with the Foundation designated as beneficiary and owner; however, only the cash surrender value is reflected in the financial statements since the insured individuals can stop paying policy premiums at their discretion.

6. 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.

	2023	2022
Real estate held for sale, beginning of year	\$ 168,400	\$ 228,400
Donations	-	-
Disposals	-	60,000
Real estate held for sale, end of year	\$ 168,400	\$ 168,400

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS

7. LEASED ASSETS

The Foundation leases a piece of equipment for five years on October 17, 2019. The lease calls for monthly payments of \$175 on the 17th of every month, and the implicit interest rate is unknown. An incremental borrowing rate of 6.12% has been used. The lease conveys no ownership at the end of the lease term, contains a purchase option at fair market value, and requires no guarantee of residual value. The Foundation depreciates similar assets on a straight-line basis.

The following table presents the Foundation's lease asset and accumulated amortization by class of asset as of June 30, 2023.

<u>Lease Description</u>	<u>Role</u>	<u>Lease Type</u>	<u>Classification</u>	<u>Net Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Gross Asset Balance</u>
Copier	Lessee	Operating	Copier	2,351	6,466	8,817

The following schedule summarizes the Foundation's lease liability and interest as of June 30, 2023.

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 1,040	\$ 360	\$ 1,400
2021	1,624	476	2,100
2022	1,723	377	2,100
2023	1,829	271	2,100
2024	1,941	159	2,100
2025	660	40	700
	<u>\$ 8,817</u>	<u>\$ 1,683</u>	<u>\$ 10,500</u>

8. SUBSCRIPTION ASSETS

The Foundation subscribes to use computer software for three years. The current subscription ends on September 29, 2023, and the Foundation has a new subscription that begins on September 30, 2023. The subscription contract calls for annual payments of \$125,209.26 on September 30th, and the implicit interest rate is unknown. An incremental borrowing rate of 4.55% has been used. The Foundation depreciates similar assets on a straight-line basis.

The following table presents the Foundation's subscription asset and accumulated amortization by class of asset as of June 30, 2023.

<u>Subscription Description</u>	<u>Net Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Gross Asset Balance</u>
Software	373,160	205,020	578,180

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NOTES TO FINANCIAL STATEMENTS

8. SUBSCRIPTION ASSETS (Continued)

The following schedule summarizes the Foundation's subscription liability and interest as of June 30, 2023.

Year Ending June 30	Principal Payments	Interest Payments	Total
2022	\$ 114,548	\$ 10,661	\$ 125,209
2023	119,760	5,449	125,209
2024	109,563	15,646	125,209
2025	114,548	10,661	125,209
2026	119,761	5,449	125,210
	\$ 578,180	\$ 47,866	\$ 626,046

9. 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, 2022	Additions	Disposals	June 30, 2023
Non-depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	27,000	-	-	27,000
Depreciable assets				
Building	78,000	-	-	78,000
Capital Improvements	79,694	4,350	(1,414)	82,630
Equipment	168,363	-	(13,895)	154,468
Furniture and fixtures	24,575	-	(85)	24,490
Total depreciable assets	350,632	4,350	(15,394)	339,588
Accumulated depreciation	(214,228)	(17,104)	15,394	(215,938)
Net depreciable assets	136,404	(12,754)	-	123,650
Total Capital assets	\$ 163,404	\$ (12,754)	\$ -	\$ 150,650

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NOTES TO FINANCIAL STATEMENTS

9. CAPITAL ASSETS (Continued)

	June 30, 2021	Additions	Disposals	June 30, 2022
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	10,454	-	79,694
Equipment	168,363	-	-	168,363
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>340,178</u>	<u>-</u>	<u>-</u>	<u>350,632</u>
Accumulated depreciation	<u>(196,244)</u>	<u>(17,984)</u>	<u>-</u>	<u>(214,228)</u>
Net depreciable assets	<u>143,934</u>	<u>(7,530)</u>	<u>-</u>	<u>136,404</u>
Total Capital assets	<u>\$ 170,934</u>	<u>\$ (7,530)</u>	<u>\$ -</u>	<u>\$ 163,404</u>

Total depreciation expense was \$17,104 and \$17,984 in 2023 and 2022, respectively. Total accumulated depreciation on June 30, 2023 and 2022 was \$215,938 and \$214,228, respectively.

10. LONG-TERM LIABILITIES

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

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023	Due in one year
Lease liability	\$ 4,429	\$ -	\$ 1,829	\$ 2,600	\$ 1,941
Subscription liability	-	343,872	-	343,872	109,563
Deposits	4,687	-	-	4,687	-

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022	Due in one year
Lease liability	\$ 6,152	\$ -	\$ 1,723	\$ 4,429	\$ 1,829
Scholarships	2,764,058	-	2,764,058	-	-
Deposits	5,687	-	1,000	4,687	-

Scholarships: For fiscal year ending June 30, 2022, the Foundation received a \$4.5M grant from the University for reimbursement of scholarships. The grant was used to reduce long-term scholarships payables.

Deposits: 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. LONG-TERM LIABILITIES (Continued)

Lease liability: The Foundation leased a piece of equipment for five years on October 17, 2019. The aggregate amount of outstanding principal on all leases is \$2,600 as of the fiscal year ended June 30, 2023. The lease agreement is payable in monthly payments of \$175 through 2025. The liability for the lease was initially measured at the present value of the lease payments expected to be made during the lease term. The discount rate used to measure the liability was 6.12%. The related lease asset has a carrying value of \$2,351.

Subscription liability: The Foundation has entered into a software agreement over the prior fiscal years. The aggregate amount of outstanding principal on all agreements is \$343,872 as of the fiscal year ended June 30, 2023. The agreements are payable in annual installments of \$125,209 through 2025. The liability for the agreement was initially measured at the present value of the subscription payments expected to be made during the subscription term. The discount rate used to measure the liability was 4.55%. The related software subscription asset has a carrying value of \$373,160.

11. 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:

	2023	2022
Fees assessed on pooled investments	\$ 1,239,371	\$ 1,148,679
Gift fees	729,893	750,851
Non-gift fees	147,270	117,244
Campaign assessment	352,800	-
Total fees	<u>\$ 2,469,334</u>	<u>\$ 2,016,774</u>

12. 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 January 1, 2024. The Foundation executed a commercial lease with the FAMU Medical Marijuana Education Initiative for Minority Communities (FMMEI), a University office, as a tenant in the Foundation Building. The lease agreement requires FMMEI to make monthly lease payments of \$1,550 to the Foundation through January 1, 2024. The Foundation received \$47,000 and \$49,125 in lease payments from the University during the year ended June 30, 2023 and 2022, respectively. These amounts are included in miscellaneous income in the accompanying statement of activities.

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

NOTES TO FINANCIAL STATEMENTS

13. PRIOR PERIOD ADJUSTMENTS

The implementation of the GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* has resulted in a restatement of the previously reported June 30, 2022, that impacted total assets by \$146,442 and total liabilities by \$119,760 with a net impact on unrestricted net position of \$26,682.

14. SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 27, 2023, the date which the financial statements were available to be issued. During the period from June 30, 2023 to September 27, 2023, the Foundation did not have any material recognizable subsequent events.

Supplemental Schedules

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	June 30, 2023				June 30, 2022			
	Program Services		Management & General	Total	Program Services		Management & General	Total
	University Support	Scholarships and Grants			University Support	Scholarships and Grants		
Scholarships and grants	\$ -	\$ 4,633,560	\$ -	\$ 4,633,560	\$ -	\$ 2,419,617	\$ -	\$ 2,419,617
Salaries and fringe benefits	1,949,677	-	895,783	2,845,460	2,156,902	-	761,745	2,918,647
Contract services	2,483,558	-	59,192	2,542,750	1,777,566	-	52,080	1,829,646
Equipment purchases	315,212	-	132,089	486,614	320,872	-	117,977	576,365
Travel and meetings	457,438	-	152,970	696,315	420,582	-	55,130	642,896
Materials and supplies	533,996	-	200,275	769,424	717,048	-	23,542	1,021,906
Professional fees	442,179	-	158,650	820,203	551,786	-	121,258	867,875
Entertainment and dinners	1,013,915	-	300,770	1,424,493	741,511	-	66,571	1,088,123
Repairs and maintenance	22,496	-	9,641	121,387	179,512	-	66,649	317,208
Postage	654	-	280	1,468	2,201	-	7	3,151
Dues and subscriptions	111,745	-	4,210	115,955	98,745	-	-	98,745
Insurance	46,419	-	29,783	76,202	40,439	-	16,202	56,641
Equipment rental	122,223	-	6,455	128,678	91,313	-	2,081	93,394
Printing and advertising	87,689	-	23,559	117,115	152,611	-	785	197,195
Telephone	-	-	21,028	21,028	-	-	9,400	9,400
Rent	130,096	-	7	130,103	55,124	-	-	55,124
Depreciation & amortization	-	-	136,021	136,021	-	-	19,747	19,747
Utilities	-	-	50,339	50,339	-	-	47,781	47,781
Training and seminars	133,197	-	3,943	179,474	106,227	-	17,004	156,771
Taxes and licenses	9,769	-	42,334	14,484	16,400	-	19,301	42,729
Bank charges	68,409	-	3,924	78,498	66,075	-	12,652	78,727
Contributions	51,000	-	21,857	72,857	52,951	-	-	75,645
Donated In-Kind Donations	55,368	-	-	55,368	8,592,000	-	-	8,592
Other university support	4,442,735	-	-	4,442,735	960,358	-	-	960,358
Provision for uncollectible pledges	-	-	27,662	27,662	-	-	6,525	6,525
Interest expense	-	-	-	5,720	-	-	377	377
Miscellaneous	35,000	-	15,000	50,017	49,615	-	-	70,879
Total	\$ 12,512,775	\$ 4,633,560	\$ 1,089,011	\$ 20,043,930	\$ 8,566,430	\$ 2,419,617	\$ 1,410,289	\$ 13,664,064

MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
For Fiscal Year- 2022-2023
[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 7/1/2022	Corpus Contributed During FY 22-23	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2023
Sec Cen Camp 1, 4 & 5	\$ 450,000	\$ 835,878	\$ -	\$ 21,799	\$ 13,500	\$ 7,269	\$ 450,000	\$ 836,908
Sec Cen Camp 2 & 3	300,000	463,824	-	41,527	7,000	13,921	300,000	484,430
Sec Cen Camp 14	150,000	215,534	-	31,042	1,500	10,387	150,000	234,689
Sec Cen Camp 24	150,000	161,375	-	11,569		3,856	150,000	169,088
Sec Cen Camp 25	150,000	228,347	-	114,039		38,013	150,000	304,373
Sec Cen Camp 26	150,000	245,994	-	14,651	4,500	3,611	150,000	252,534
Sec Cen Camp 27	150,000	310,225	-	10,388	21,150	3,463	150,000	296,000
Sec Cen Camp 28	150,000	154,055	-				150,000	154,055
Sec Cen Camp 33	300,000	345,430	-	14,665		4,888	300,000	355,207
Sec Cen Camp 34	150,000	152,978	-				150,000	152,978
Sec Cen Camp 35	150,000	267,339	-	18,239	10,500	6,080	150,000	268,998
Sec Cen Camp 38-40	450,000	775,628	-	21,799.44		7,266	450,000	790,161
Sec Cen Camp 41-43	450,000	550,859	-	10,972.38		3,657	450,000	558,174
Sec Cen Camp 44-48	750,000	1,069,600	-	31,561.20		10,520	750,000	1,090,641
Sec Cen Camp 49-51	450,000	612,764	-	25,083.02		8,361.01	450,000	629,486
Sec Cen Camp 52-53	300,000	509,585	-	17,439.54	15,000	5,813.18	300,000	506,211
Sec Cen Camp 57	1,164,977	1,438,304	-	115,464.48	18,000	38,147.84	1,164,977	1,497,620
Sec Cen Camp 58	315,898	406,438	-	18,117.26		7,339.09	315,898	417,216
Sec Cen Camp 61	247,500	436,671	-				247,500	436,671
Sec Cen Camp 62	300,000	481,013	-	17,439.54	8,729.57	5,853.18	300,000	483,870
Sec Cen Camp 64	375,000	479,979	-	19,430.57	12,000.00	7,869.09	375,000	479,541
Sec Cen Camp 65	150,000	310,703	-	7,266.48		2,422.16	150,000	315,547
Sec Cen Camp 66	172,500	332,121	-	45,155.10		15,051.70	172,500	362,225
Sec Cen Camp 67	300,000	335,940	-	14,532.96		4,844.32	300,000	345,629
Sec Cen Camp 68	210,000	249,870	-	4,238.77		1,412.92	210,000	252,696
Sec Cen Camp 69	172,500	188,538	-	8,719.77		2,906.59	172,500	194,352
Sec Cen Camp 70	360,283	533,350	-	26,312.66	2,000.00	8,398.89	360,283	549,264
Sec Cen Camp 71	300,000	518,136	-	8,719.77	40,071.67	2,934.09	300,000	483,850
Sec Cen Camp 72	217,500	304,006	-	3,633.24		1,211.08	217,500	306,428
Sec Cen Camp 74	574,380	782,280	-	14,530.45		4,843.48	574,380	791,967
Sec Cen Camp 75	396,000	591,010	-	30,847.13	4,030.72	12,364.80	396,000	605,462
Balance Forward	\$ 9,906,538	\$ 14,287,775	\$ -	\$ 719,182	\$ 157,982	\$ 242,706	\$ 9,906,538	\$ 14,606,269

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2022	Corpus Contributed During FY 22-23	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2023
Balance Forward	\$ 9,906,538	\$ 14,287,775	\$ -	\$ 719,182	\$ 157,982	\$ 242,706	\$ 9,906,538	\$ 14,606,269
Sec Cen Camp 77	1,190,000	1,325,237	-	11,026.74			1,190,000	1,336,263
Sec Cen Camp 79	1,219,451	1,695,058	-	63,311.81	30,461.77	15,072.28	1,219,451	1,712,836
Sec Cen Camp 80	150,000	202,161	-				150,000	202,161
Sec Cen Camp 85	229,082	304,877	-	13,395.06	3,500.00	4,465.02	229,082	310,307
Sec Cen Camp 86	750,000	759,891	-				750,000	759,891
Sec Cen Camp 87	225,000	304,683	-	10,899.72		3,633.24	225,000	311,949
FAMU Endowment #1	411,200	523,526	-	32,179.16	-	10,726.40	411,200	544,979
FAMU Endowment #2	402,000	435,921	-	26,825.68		8,941.89	402,000	453,805
FAMU Endowment #3	320,997	448,055	-	17,412.75	-	5,804.25	320,997	459,663
FAMU Endowment #4	351,023	484,991	-	873.91	500.00	291.30	351,023	485,074
FAMU Endowment #5	187,500	267,059	-	7,295.20		2,431.73	187,500	271,923
Walt Disney World Family Law	225,000	501,118	-	15,744.04		5,248.01	225,000	511,614
FAMU Endowment #6	343,812	410,877	-	37,776.48	(17,500.00)	14,397.11	343,812	451,756
FAMU Endowment #7	358,495	416,859	-	65,858.38	46,164.70	23,091.28	358,495	413,462
Moot Court & Law Review Endt	1,275,000	1,337,087	-	61,817.65	97,900.63	20,755.88	1,275,000	1,280,248
FAMU Endowment #8	184,881	249,878	-				184,881	249,878
FAMU Endowment #9	183,393	249,502	-	10,385.82	-	3,461.94	183,393	256,426
FAMU Endowment #10	183,917	195,312	-	11,420.27		3,806.76	183,917	202,926
National Alumni Association	150,000	164,787	-				150,000	164,787
Walt Disney World Family Law	100,000	209,836	-	5,813.19		1,937.73	100,000	213,712
FAMU Endowment #11	640,919	622,426	-	29,858.49	5,542.72	10,132.83	640,919	636,609
Scholarship Endowment I	150,000	269,970	-	3,378.91		1,126.30	150,000	272,223
Scholarship Endowment 2 & 3	-	-	-				-	-
Scholarship Endowment 4 & 5	300,000	514,808	-	9,144.44	3,250.00	3,214.26	300,000	517,488
Scholarship Endowment 6 & 7	300,000	382,233	-	2,644.86	500.00	881.62	300,000	383,496
Corporate Banquet	150,000	179,932	-				150,000	179,932
Honeywell, Inc. Endowment	150,000	156,759	-				150,000	156,759
Arts Scholarship Endowment	300,000	408,108	-	14,532.96	8,000.00	4,844.32	300,000	409,797
Faculty & Staff Endowment	300,000	301,592	-				300,000	301,592
Journalism	450,000	530,609	-	27,064.26		9,021.42	450,000	548,652
Centennial I, II, III	450,000	510,839	-				450,000	510,839
SBI Endowments (Various)	13,781,873	18,543,317	-	822,897.34	584,055.00	274,312.38	13,781,873	18,507,847
TOTAL	\$ 35,320,081	\$ 47,195,084	\$ -	\$ 2,020,739	\$ 920,357	\$ 670,303	\$ 35,320,081	\$ 47,625,163

* SCCE - Second Century Campaign Endowment

Florida A&M University Foundation, Inc.
 EMINENT SCHOLARS CHAIRS
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
 For Fiscal Year- 2022-2023
 [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 7/1/2022	Corpus Contributed During FY 22-23	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2023
Warner Lambert Chair	\$ 1,000,000	\$ 1,914,614	\$ -	\$ 48,443		\$ 16,149	\$ 1,000,000	\$ 1,946,908
Centennial Business Chair	1,000,000	1,460,799	-	48,443	30,531	16,155	1,000,000	1,462,556
Anheuser Busch Chair	1,000,000	1,199,535	-	48,443		16,149	1,000,000	1,231,829
Knight Chair for Student Achievement	1,762,440	2,082,641	-	111,703		24,823	1,762,440	2,169,521
Garth Reeves Chair	1,000,000	1,094,697	-	48,468		16,156	1,000,000	1,127,009
Foster-Edmond Chair	1,020,000	1,461,253	-	49,436		16,479	1,020,000	1,494,210
SBI Financial Services Chair	1,020,000	1,789,100	-	49,412		16,470	1,020,000	1,822,042
Carrie Meek Chair	1,020,000	2,058,164	-	49,412		16,470	1,020,000	2,091,106
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	1,825,727	-	84,776	82,043	28,310	1,750,001	1,800,150
Sybil C. Mobley Endowed Chair	2,523,798	3,147,259	-	122,576	101,200	40,869	2,523,798	3,127,766
TOTAL CHAIRS	\$ 13,096,239	\$ 18,033,789	\$ -	\$ 661,112	\$ 213,774	\$ 208,030	\$ 13,096,239	\$ 18,273,097

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, Statements of Net Position - Fiduciary Funds, and Statement of Changes in Net Position - Fiduciary Funds of the Florida Agricultural & Mechanical University Foundation (The Foundation), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Foundation's basic financial statements, and have issued our report thereon dated October 2, 2023.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Miami, Florida
October 2, 2023

BCA Watson Rice LLP

Florida A&M University Foundation, Inc.
Schedule of Findings and Responses
June 30, 2023

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

Current Year Findings

None.

Prior Year Findings

None.